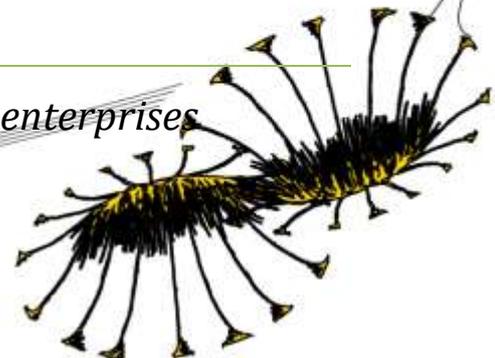


Leadership styles and strategy process research

A study of Dutch small and medium-sized enterprises

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Management Summary

Background: Researchers have confirmed that the behavior of leaders influences group and organizational behaviour, but less is known about leaders' influence on the effectiveness of strategy generation and strategy execution processes. However, leadership is an important ingredient for the success of organizations. American researchers found that only 8% of the leaders are both good at strategy generation and strategy execution. This suggests that it is worthwhile to take a closer look at this subject.

Purpose: This study reviews the role of leadership in affecting the effectiveness of strategy generation and execution. The primary objective of this research is to investigate the perceived role of leadership regarding the strategy generation and execution processes at Dutch small and medium sized enterprises (SMEs). Secondary objectives are to gain an understanding of the nature and challenges of both leadership and strategy processes. A clear understanding of the relationship between different styles of leadership and the strategy performance of an organization is missing in existent literature. The focus is on the strategy generation and execution phase of the strategy process. The main research question is: *'What effect does the style of leadership have on the effectiveness of strategy generation and execution process at Dutch SMEs?'*

Methodology: A quantitative research method is chosen to collect the data. An online research questionnaire was used to collect the data from a sample of SME business leaders. In total 166 business leaders completed the questionnaire whereof 93 are currently working at a Dutch SME. In order to define the style of leadership the Path-Goal questionnaire of Indvik (1985;1988) with 20-items used. This questionnaire is related to the Path-goal theory which defines four main leadership styles: directive, supportive, participative and achievement-oriented. The effectiveness of both strategy generation and strategy execution is examined through the characteristics of both processes therefore a 5 point Likert-Scale is used. Both parts of the questionnaire (leadership and strategy generation and execution) are a self-report of each business leader. After assessing the data for reliability and validity, correlation and multiple regression analysis were performed to test the relationships. A multiple regression analysis is performed to investigate whether each style of leadership has a significant impact on the effectiveness of both strategy generation and execution.

Conclusions: The results show that only 5,4% of the business leaders at Dutch SMEs are both very effective at strategy generation and strategy execution. However, 46,2% identified themselves as 'effective' regarding both strategy generation and strategy execution. Looking at each leadership style individually, there are 24 directive, 28 supportive, 35 participative and 6 achievement oriented leaders within the sample. Results of the multiple regression showed that the style of leadership will not significant influence both the effectiveness of strategy generation and execution. The directive leadership style shows a negative coefficient and the other three leadership styles indicate a positive coefficient. The achievement-oriented leadership style has on both aspects the highest positive coefficients related to the effectiveness of strategy generation and execution. However, none of the effects are significant.

List of tables

Table 1: Summary of most important leadership theories	20
Table 2: Reliability and validity tests: leadership styles	29
Table 3: Reliability and validity tests: strategy	30
Table 4: Response rates	33
Table 5: Descriptive statistics: firm size	34
Table 6: Descriptive statistics: gender	34
Table 7: Descriptive statistics: leadership style	35
Table 8: Descriptive statistics: leadership items	35
Table 9: Descriptive statistics: strategy items	36
Table 10: Descriptive statistics: comparison with competitors	38
Table 11: Correlation analysis N=166 (1)	40
Table 12: Correlation analysis N=166 (2)	41
Table 13: Correlation analysis N=93 (1)	42
Table 14: Correlation analysis N=93 (2)	43
Table 15: Model summary regression analysis strategy generation (N=93)	43
Table 16: Regression analysis coefficients for strategy generation (N=93)	44
Table 17: Model summary regression analysis strategy execution (N=93)	45
Table 18: Regression analysis coefficients for strategy execution (N=93)	45
Table 19: Model summary regression analysis strategy generation (N=166)	74
Table 20: Regression analysis coefficients for strategy generation (N=166)	74
Table 21: Model summary regression analysis strategy execution (N=166)	74
Table 22: Regression analysis coefficients for strategy execution (N=166)	74

List of figures

Figure 1: Top leaders' effectiveness at strategy execution and development (Leinwand & Mainardi, 2015)	9
Figure 2: Basic components of a strategic management process (Briscoe & Schuler, 2004).	13
Figure 3: Classification of leadership styles	17
Figure 4: Conceptual model	21
Figure 5: Causal model regarding effectiveness of strategy process	26
Figure 6: Effectiveness strategy generation versus strategy execution (N=166)	37
Figure 7: SME's effectiveness strategy generation versus strategy execution (N=93)	37
Figure 8: Comparison with competitors (N=166)	38
Figure 9: Comparison with competitors (N=93)	39
Figure 10: SME's effectiveness strategy generation versus strategy execution (N=93)	48

Table of contents

Chapter 1: Introduction to the research	9
1.1. Introduction	9
1.2. Research objectives and research questions	10
1.3. Research aim	11
1.4. Research strategy	11
1.5. Research outline	11
Chapter 2: Theoretical framework and hypotheses	12
2.1. Introduction	12
2.2. Strategy process research	12
2.2.1. <i>Strategy generation process</i>	13
2.2.2. <i>Strategy execution process</i>	14
2.2.3. <i>Challenges of strategy formulation and execution process</i>	15
2.3. Leadership	16
2.3.1. <i>The trait leadership theory paradigm</i>	17
2.3.2. <i>The behavioral leadership theory paradigm</i>	17
2.3.3. <i>The contingency leadership theory paradigm</i>	18
2.3.4. <i>The integrative leadership theory paradigm</i>	18
2.4. Theoretical framework for this study	21
2.4.1. <i>Directive leadership style</i>	22
2.4.2. <i>Supportive leadership style</i>	23
2.4.3. <i>Participative leadership style</i>	24
2.4.4. <i>Achievement-oriented leadership style</i>	25
2.5. Causal model	26
Chapter 3: Methodology	27
3.1. Introduction	27
3.2. Research approach	27
3.3. Sampling and selection criteria	27
3.4. Online mail questionnaire	28
3.4.1. <i>Leadership styles part</i>	28
3.4.2. <i>Strategy process part</i>	30
3.4.1. <i>Control variables</i>	31
3.4.2. <i>Weaknesses of the research method</i>	31
3.5. Data collection	32
3.5. Data analyses	33
Chapter 4: Results	34
4.1. Descriptive statistics	34
4.1.1. <i>Leadership styles</i>	34
4.1.2. <i>Strategy process</i>	36
4.1.3. <i>Strategy peer assessment</i>	38

4.2. Correlation analysis	40
4.3. Regression analysis	43
4.3.1. <i>Effectiveness of strategy generation</i>	43
4.3.2. <i>Effectiveness of strategy execution</i>	45
Chapter 5: Discussion and conclusions	47
5.1. Main Findings	47
5.2. Theoretical and practical implications	49
5.3. Limitations and further research	49
References	52
Appendices	61
Appendix 1: E-mail introduction	61
Appendix 2: Questionnaire Dutch version	62
Appendix 3: Questionnaire English version	68
Appendix 4: Article at LinkedIn	73
Appendix 5: Regression analysis	74
Appendix 6: Correlation analysis per item	75
6.1. <i>Correlation analysis – strategy items 1-9 (N=166)</i>	75
6.2. <i>Correlation analysis – strategy generation items 10-19 (N=166)</i>	77
6.3. <i>Correlation analysis – strategy execution items 20-26 (N=166)</i>	79
6.4. <i>Correlation analysis – peer assessment (N=166)</i>	81
6.5. <i>Correlation analysis – strategy items 1-9 (N=93)</i>	82
6.6. <i>Correlation analysis – strategy generation items 10-19 (N=93)</i>	84
6.7. <i>Correlation analysis – strategy execution items 20-26 (N=93)</i>	86
6.8. <i>Correlation analysis – peer assessment (N=93)</i>	88

Chapter 1: Introduction to the research

1.1 INTRODUCTION

The growing number of academic publications, special issues and conferences on strategy process research since the mid 1990's suggests the growing scholarly interest in how strategies are generated and executed within organizations and how the process of strategic change occurs and develops over time. Especially, the interest in the effect of leader characteristics on strategy and performance, as compared to small group effectiveness and satisfaction (Fiedler, 1967; House, 1971), was in these years relatively new. Regardless the popular request of the above mentioned proposition, it has received somewhat incoherent support in the academic field. To researchers, leadership plays an essential role in an organization's strategy and performance (Karamat, 2013). Quttainah (2015) argued for the need to develop executive leadership theories that would predict how higher management affects the strategy performance. On the other hand, multiple empirical studies also confirm how difficult it is to observe the strategy process as they unfold (Schmidt, 2005). More recently, research has confirmed that a leader's behavior influences team and individual employees behavior (O'reilly, Caldwell, Chatman, Lapiz & Self, 2010), but less is known about how higher management ensure that group and individual employees implement their decisions.

Many barriers in the internal and external environments of organizations are reasons for strategy generation and execution failures. Several studies have emphasized the importance of generation and execution a strategy, with higher importance given to strategy generation due to its criticality to the existence and

expansion of the organization (Rajasekar, 2014). American research indicates that most organizations fail to execute their strategies effectively. In a survey of nearly 700 executives across a variety of industries, Leinwand, Mainardi and Kleiner (2015) asked respondents to rate the effectiveness of the top leaders of their companies. Only 16% of top leaders were rated very effective at either strategy generation or execution and only 8% were very effective at both (figure 1). Furthermore, research by the Corporate Strategy Board has found that as much as 37% of the potential value of a strategy is lost during strategy execution process (Muell & Cronje, 2008).

According to Germano (2010), leadership has a direct cause and effect relationship with firms' success. It is considered as a link that relates the strategic management process

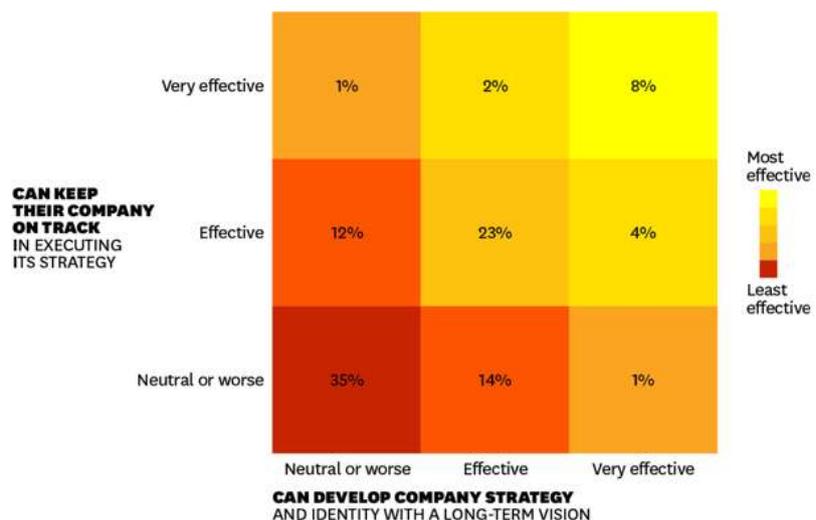


Figure 1 : Top Leaders' effectiveness at strategy execution and development. (Leinwand & Mainardi, 2015)

with the organization's vision (Azhar, Ikram, Rashid, Saqid, 2012). However, a lack of leadership has been identified as one of the major barriers to effective execution of strategy (Beer & Eisenstat, 2000; Kaplan & Norton, 2005; Hbreniak, 2008). Schmidt (2005) added that leadership appears to shape the content of strategies through a variety of activities. The actions of strategic leadership contribute to the effectiveness of the execution of strategy (Sila & Gichinga 2016). Ramashala, Pretorius and Steyn (2015) mention that it is critical that business leaders have a clear view of what the strategic objectives of the organizations are and how these are going to be achieved. Research of Pasmore (2009) identifies how many leaders an organization needed, the type of leaders needed, where they are needed, as well as the type of skills and behaviors required if it is to succeed in its performance goals. Hsieh and Yik (2005) conclude that leadership is the starting point of strategy success.

1.2 RESEARCH OBJECTIVES AND RESEARCH QUESTIONS

The importance of strategic management has been theoretically presented. There is evidence of a lack of strategic leadership in management structures of organizations. A successful organization requires both well formulated strategy and the ability to execute on that strategy. According to Kaplan and Norton (2001), successful execution of strategy is a well-recognized requirement for an organization's survival. However, most organizations continue to struggle with management of the strategy process. Tampoe and Macmillan (2000) argue that the high failure rate of strategy execution efforts in an environment is characterized by rapid change, should be an area of major concern for higher management of today's organizations. Hence, business leaders are urgently seeking growth on global and local fronts, because the global trends present both challenges and opportunities. Singh (2014) adds that while organizations are planning to grow through innovation and acquisition, tremendous focus remains on leveraging current operations to offer customers increasing value, with cost-efficient execution being the enabling cornerstone. Unsuccessful management of strategic initiatives has a tremendous financial impact on an organization's profits and competitive advantage.

This study reviews the role of leadership styles in affecting the effectiveness of strategy generation and execution. The primary objective of this research is to investigate the perceived role of leadership regarding the strategy generation and execution process at Dutch small and medium sized enterprises (SME). Secondary objectives are to gain an understanding of the nature and challenges of both strategic leadership and the strategy generation and execution processes. The following main research question can be formulated:

RQ: What effect does the style of leadership have on the effectiveness of strategy generation and execution process at Dutch SMEs?

In order to answer the central research question, it is subdivided into the following research questions. These research questions will provide an answer to the central research question.

SQ1: What are characteristics of an effective strategy generation and execution process?

SQ2: What are characteristics of leadership?

SQ3: How effective are leaders with different leadership styles regarding strategy generation and execution at Dutch SMEs?

1.3 RESEARCH AIM

A clear understanding of the relationship between different styles of leadership and effectiveness of strategy generation and execution of an organization is missing in existent literature. Although a lot of work has been done on the strategy and also on leadership, the existing research does not offer a clear understanding in this field. The gap in literature can be explained by the fact that leadership and strategy process are both a relatively broad field of research. Specifically, the focus of this study is on the strategy generation and execution phase of the strategy process.

1.4 RESEARCH STRATEGY

The first phase of this study is a literature study; it is an analysis of material that is needed in order to investigate the perceived role of leadership that affect the strategy generation and execution process. There is a wealth of literature on strategy generation and strategy execution available in variety of disciplines. In order to answer the first two sub questions a literature review is conducted. This first phase starts with analyzing current literature in the field of strategy generation and execution. An extensive literature study is conducted into leadership styles and strategy process research, which simultaneously facilitates the strategy generation and execution process. During the selection process of the articles, the main criteria are that the empirical studies or theoretical propositions had to use leadership, strategy or performance as their outcome variables. Additional empirical data are analyzed as well.

The second phase consists of a quantitative research part. Sub question 3 measures the effectiveness of the strategy generation and execution process. In this way, the strategy performance of SMEs could be measured. This empirical study consists of a large-scale online mail questionnaire. The main purpose of the questionnaire is finding empirical patterns and underlying relationships between leadership styles and the effectiveness of strategy generation and execution at SMEs. A quantitative study is particularly well suited for that task since it is able to uncover statistical patterns across a relatively large group of respondents. Chapter 4 of this study will show the results of the empirical study.

1.5 RESEARCH OUTLINE

The thesis is structured into five main chapters. Each chapter deals with a specific broad area of the topic and is subdivided into smaller sections for easy reading. The remainder of this research is as follows, this chapter 1 is the introductory chapter that covers the background to the study, problem statement, and purpose of the study, objectives, research questions, research aim and structure of the thesis. Then chapter 2 includes a theoretical framework of the concept. It consists a review of the existing literature on strategy generation process, strategy execution process and leadership styles. In this way, this chapter answers research sub question 1 and 2. Chapter 3 discusses the research method which focuses on the research perspectives, data collection: population, sampling and analyses. Chapter 4 presents the results of the data analyses and thereby answers sub research question 3. To conclude, chapter 5 shows the main findings of the study, the conclusion, limitations and implications for further research.

Chapter 2: Theoretical framework and hypotheses

2.1. INTRODUCTION

The purpose of this second chapter is to answer the first two sub research questions by means of a review of the current literature. These sub research questions are formulated as follows: ‘*What are the characteristics of an effective strategy generation and execution process?*’ and ‘*What are the characteristics of leadership?*’ In order to answer these sub research questions, the chapter is structured as follows; section 2.2 explains strategy process research. Subsequently, strategy generation and strategic execution process are discussed in detail. In order to bridge these subjects also the challenges of both strategy generation and execution are mentioned. Furthermore, section 2.3 highlights the different leadership aspects. This section includes a review of the development of different leadership theory paradigms. To conclude, section 2.4 describes the theoretical framework used in this study and section 2.5 shows the causal model with all the hypotheses.

2.2. STRATEGY PROCESS RESEARCH

Organizations are getting more and more complex given the factors in the business environment that must be managed to ensure the realization of strategic initiatives (Ramashala et al., 2015). A successful strategy is one that allows an organization to be competitive. Porter (1996) defines strategy as ‘*the creation of a unique and valuable position, involving a different set of activities*’ (p.68). Furthermore, Porter (1996) stresses that operational effectiveness represents excellence in individual activities while strategy is the appropriate combination of activities. Hence, strategy is a road map that facilitates to achieve goals of the organization. More recently, Okumus (2003) defined strategy as ‘*the combination of all factors working together that makes the transformation process possible*’ (p. 873). Furthermore, Kraaijenbrink (2015) defined strategy as ‘*a unique way of sustainable value creation*’ (p.18).

According to Rumelt (2011) a strategy contains of three main elements. First, a strategy contains a diagnosis that defines or explains the nature of the challenge. In doing this, it will be important that a good diagnosis simplifies the often overwhelming complexity of reality by identifying certain aspects of the situation as critical. Second, a strategy includes a guiding policy for dealing with the challenges. This is an overall approach selected to cope with or overcome the challenges identified in the diagnosis. Third, a strategy includes a set of coherent actions that are designed to carry out the guiding policy. These steps are coordinated with one another to work together in accomplished the guiding policy. So, the core content of a strategy is ‘*a diagnosis of the situation at hand, the creation or identification of a guiding policy for dealing with the critical difficulties, and a set of coherent actions*’ (Rumelt, 2011, p.79). Mainardi and Leinwand (2016) add that a strategy built on differentiating capabilities help an organization outpace the competition, achieve faster growth, and earn the right to win. Burton and Obel (2013) argue that an organization is effective if it realizes its purpose and accomplishes its goals. In the context of this study, effectiveness is the degree or extent to which leaders help an organization to achieve its mission and goals.

Strategy process refers to how effective strategies are shaped within an organization and then validated and executed efficiently (Chakravarthy & Doz, 1992). It is understandable

that process research and strategy are essentially concerned with choice processes (e.g. strategic decision making) and execution processes (e.g. strategic change). Schmidt (2005) noted that strategy process is the result of a combination of individual thought processes and decision making processes that are politically interactive, shaped on an intra-organizational basis and occur simultaneously. Furthermore, Schmidt (2005) adds that strategy processes have a significant impact on an organizations corporate development and achieve much attention from higher management. Figure 2 shows that an organization's strategy passes five main phases (Briscoe & Schuler, 2004). This study focuses on the strategy generation and strategy execution process.



Figure 2: Basic components of strategic management process (Briscoe & Schuler, 2004)

2.2.1. Strategy generation process

Strategy generation process refers to a planning for the long-term survival of organizations (McFarlane, 2013). In order to create sustainable value processes, actions and routines within an organization have to be clear. According to Dess et al. (2005), strategy generation consists of the analysis, decision and action a firm undertakes in order to create and sustain competitive advantage. This is important for an organization and a continuous activity requiring understanding all aspects of the internal and external environment. The strategy generation process consists of selecting appropriate options and ensuring their effectiveness (Radomska, 2014). In this study effective strategy generation is based on identifying, understanding and using the organization's distinctive competences and strengths in a way that other firms cannot do as well (Christine & Lucy, 2016). Bordean, Borza, Rus & Mitra (2010) mentioned that the characteristics of a strategy generation process consists of determining the organization's mission, goals, objectives and selecting or crafting an appropriate strategy.

Kofi Darbi (2012) highlights to the importance of a mission statement which impact on strategy and most aspects of organizational performance. A mission statement is widely believed to be an element to any strategy generation effort. Johnson, Scholes and Whittington (2008) mention that a mission statement is said to do a good job in capturing corporate level strategy in terms of scope and value creation. Furthermore, David, David & David (2014) define a mission statement as '*a declaration of an organization's reason for being and distinguishes one organization from other similar enterprises*' (p.96). Preparing a mission statement is the first step in strategic management; a clear mission statement is essential for effectively establishing objectives and formulating strategy (David et al., 2014). In accordance, results of Gharlegi et al. (2011) indicate a positive relationship between mission statement characteristics – clearness, completeness, reality, practically, the amount of employees and managers awareness - and organizational performance. Furthermore, Fairholm (2009) argue that it is important to assess and link short-term, day-to-day tasks in the context of long-term perspective and consider whether short-term goals will meet long-term

objectives. Generally it is agreed that a good strategic objective is SMART formulated: specific, measurable, achievable, realistic and timed (Bovend'Eerd, Botell & Wade, 2009). Goals motivate employees to develop strategies that will enable them to perform at the required goal levels (Lunenburg, 2011).

The strategy generation process takes place within the 'conceptual world' with a lot of ideas and words which involves much research and decision making by business leaders. Rajasekar (2014) noted that this process is usually a function of higher management. It requires understanding the relationship between variables in both the internal and external business environments. Da Silveira (2005) adds that organizations must continuously review their strategies to identify the aspects of market priority, manufacturing configuration, product structure and investment. Strategy generation is the process that results in a business strategy, a plan or a solution that has to be executed. Furthermore, it is important to turn weaknesses into opportunities and decrease threats from competitors and the risk and uncertainty existing in the global market (McFarlane, 2013). During the strategy generation process new ideas are embraced and obsolete ideas are removed from the baseline strategy (Kraaijenbrink, 2015).

2.2.2. Strategy execution process

Strategy execution is the process of conversion in which planned strategies are converted into real actions. Yang et al. (2008) define strategy execution as '*a dynamic, iterative and complex process, which is comprised of a series of decisions and activities by managers and employees – affected by a number of interrelated and external factors – to turn strategic plans into reality in order to achieve strategic objectives*' (p. 6). An important element is that employees should be aligned with the mission, values and strategy, while through their involvement in the strategy execution process they should be able to perceive the real consequences of implementing this joint vision of development (Khadem, 2008). In this study, effectiveness of the strategy execution process refers to superior performance and creating a competitive advantage through organizational actions which are all align with the strategy.

Mendoza (2009) argued that executing a strategy includes the management of sub activities for resource allocation, learning systems and monitoring control as well as reward systems and human resources. Without effective execution it is not possible for a firm to evolve (Kathuria, 2012). Hence, an efficient strategy execution process is widely identified as an outcome of the coordination and cooperation produced by consensus. Most empirical work has focused on organizational performance as the key outcome variable (Kellersmanns, Walter, Lechner & Floyd, 2005). Firms that achieve good execution results can effectively focus on employees attention on the tasks associated with achieving strategic objectives. In doing so, employees are given decision-making powers and a clear system for assessing the effects has to be established to assess effectiveness (Henman, 2010). Radomska (2014) mention that this can be done through the participation of a large group of employees at the planning stage.

Coon and Wolf (2005) emphasized the importance of aligning processes and systems to reinforce the desired behaviors and outcomes. Particularly, this involves searching for a link between the executed strategy and other processes taking place in the organization. This is essential especially for strategic control and monitor the strategic execution process (Julian & Scifres, 2002). In accordance, Becher (2005) argued for need of measuring the

achievements of execution in a way that allows for both identification of emerging issues and areas for further development. The issue of measuring progress in the strategy execution phase turns out to be very important.

2.2.3. Challenges of strategy generation and execution process

Strategy generation and execution do not guarantee superior organizational performance continuously. Even well managed organizations can sometimes hit the skills for short periods, because of adverse conditions beyond higher management's ability to foresee and react on environmental changes (Chaneta, 2007). The right people, processes, information and technology capabilities are important aspects for the success of both strategy generation and execution. Chaneta (2007) noted that it is higher management's responsibility to adjust negative conditions by undertaking strategic defenses and managerial approaches that can overcome adversity. However, the line between strategy generation and execution is not so clear. For instance, Leonardi (2015) argued that the '*very technologies that are essential for implementing strategy also shape its making*' (p. 20). In other words, strategy generation and execution are not two distinct sets of activities which occur in a specific sequence.

First of all, Omeike (2015) argued that the body of knowledge around strategy generation is often well established, but less is known on how organizations have to execute their formulated strategy. However, in order to close the execution gap between organizations intent and their reality it is important to know how organizations have to execute their formulated strategy. Furthermore, Akinyemi and Dutton (n.d.) add that most organizations do not have well-defined strategic objectives. Many organizations have well-defined strategies, but do not have them written out and well communicated to all employees on a frequent basis. This results in the fact that employees do not easily understand their business strategies. Hence, most employees find it difficult to connect everyday work with organizational goals. In addition, organizations that invest in technological tools, and have the fortitude to discipline themselves to use these technological tools, have a better chance to overcome everyday challenges that impede strategy execution. Hsieh and Yin (2005) mention that mismatched capabilities, poor asset configurations and inadequate execution can all play an essential role in undermining organizations strategic objectives.

On the other hand, several factors can potentially affect the process by which strategic plans are turned into real organizational action. For instance, Li, Guohui and Eppler (2008) found that structural, interpersonal or process aspects of strategy execution influence the strategy execution process. Li et al. (2008) noted that also individual factors could influence the strategy process. These researchers distinguish people-oriented factors (e.g. communications, consensus and commitment), institutional factors (e.g., organizational structure and administrative systems) and mixed factors (e.g. strategic business unit relationship among different hierarchical levels and strategy). For instance, a lack of understanding of the strategy by the employees is a challenge for organizations. Kaplan and Norton (2005) found that '*95% of the typical workforce does not understand the strategy of the organization*' (p.17). Pindelski and Mrowka (2011) added that improper methods, lack of communication, improper motivation, insufficient resources, lack of control system and ignoring the environment are also major concerns regarding successful strategy execution. Furthermore, results indicate that resource constraints are often mentioned as an obstacle to

strategy execution (Harvard Business, 2010). Morgan (2010) concludes that there is a problem with the allocation of resources and their planned use. To conclude, there is theoretical evidence that also the best strategy can fail if an organization does not have business leaders with the right capabilities and characteristics at the right levels of the organization.

2.3. LEADERSHIP

Karmakar and Datta (2015) defined leadership as *'the process of direction, guidance, and influencing others and establishment of interpersonal relationship for the achievement of the objectives of the organization yielding satisfaction to all'* (p.210). Leadership may be defined as a position held by an individual in a group which provides the opportunity to exercise interpersonal influence on the group members for mobilizing and directing their efforts towards certain goals (Manichander & Manjula, 2016). The leader is in the position to shape, regulate, control and change the attitudes, behavior and performance of the employees. Thus, leadership is all about how an individual can influence a group of other people in order to achieve something that is meaningful to them. Effective leadership incorporates ethical considerations and builds a values-based organization in which principles and values guide day-to-day decision making. Furthermore, effective leadership refers to the fact that both business leaders and employees avoid wrong behaviors and take active steps to what is right (Burton & Obel, 2013; Horner & Rossiter, 2007).

Today, business leaders need to become aware of globalization and global politics in the world connected by the Internet (Rose, 2008). Hence, leadership is crucial in effective organizational management (Nixon et al., 2012). These researchers argue that a high emphasis on the development of leaders is considerable essential. Acquiring appropriate leadership styles and adopting effective leadership styles would be among the major factors for leaders to achieve. They argue that without effective leadership, firms are highly likely to fail. Prewitt et al. (2011) add that effective leadership results in the motivation of organizational members, causing increased support for the conveyed strategic vision even if acceptance requires radical change. Nahavandi (2012) argued that various styles of leadership may affect organizational effectiveness or performance. Leadership style can be defined as the approach of providing direction, motivating people and achieving objectives (Fertman & Van Liden, 1999).

Over the past years, leadership have been studied extensively in different contexts and theoretical frameworks. In order to conduct further research, a summary of what is known and understood about leadership is important. Horner (1997) observed that in some theories, leadership have been described as a process, although most theories and research on leadership look at a person to gain understanding. More recently, Lussier and Achua (2015) argued that a leadership theory is an explanation of some aspect of leadership. Leadership theories are used to better understand, predict, and control successful leadership. In this way leadership theories have a practical value and the main purpose of a theory is to inform practice. To explain leadership, there are four major classifications of leadership theories. These leadership classifications include trait, behavioral, contingency and integrative. Lussier and Achua (2015) defined a leadership paradigm as *'a shared mindset that presents a fundamental way of thinking about, perceiving, studying, researching, and understanding leadership'* (p.16). The four main classifications of leadership theories all present a change in

leadership paradigm (figure 2). The following sections provide chronologically in-depth information about the different leadership paradigms and include the major leadership theories within that specific paradigm. The major leadership theories that have a significant contribution to literature are reviewed. The purpose is to identify trends and gaps in the existing literature. The section concludes with a table which includes the main leadership theories.

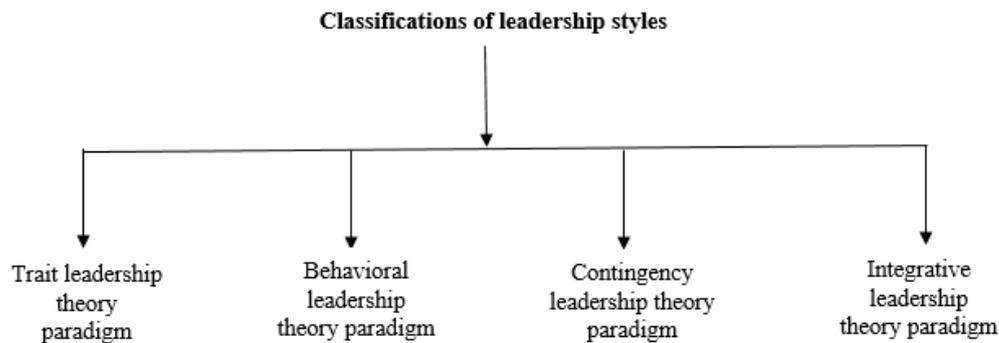


Figure 3: Classification of leadership styles

2.3.1. The trait leadership theory paradigm

The oldest approach is the leadership trait paradigm which dominated the initial decades of scientific leadership research in the early 20th century. (Zaccaro, 2007). Evolving from the ‘great man’ theories, *the trait approach* argued that certain personality characteristics distinguish leaders from non-leaders (Hernandez, Eberly, Avolio & Johnson, 2011). In that time, Bernard (1926) observed that leadership was explained by the internal qualities with which an individual is born.

The main focus of researchers was to identify a set of characteristics or traits that distinguish leaders from subordinates, or effective leaders from ineffective. According to Lussier and Achua (2013) leadership trait theories try ‘*to explain distinctive characteristics accounting for leadership effectiveness*’ (p.16). Hence, these researchers noted that through hundreds of trait studies a list of qualities is discovered. In accordance, Horner (1997) mentioned that no clear answer found with regard to what traits consistently were interconnected with great leadership.

Yet, there is not much known about why traits should influence leadership effectiveness. Answering this question requires an integration of traits with other mechanism of leadership such as behaviors, cognitions, and affect (Judge, Bono, Ilies & Gerhardt, 2002). However, reviews of the literature in the late 1940s discovered that there is no single trait or group of characteristics which sets off the business leader from the subordinates (Hernandez et al., 2011). Furthermore, traits did not appear as sufficient predictors of leadership effectiveness and the field of leadership was left with a lack of predictors. Stogdill (1948) represented a shift in thinking about leadership, because he emphasized the importance of behaviors and the situational context in which leadership is embedded. The main leadership theories within the trait leadership paradigm are mentioned in table 1.

2.3.2. The behavioral leadership theory paradigm

After the trait paradigm, leadership academics twisted to identifying specific behaviors and behavioral dimensions that would distinguish effective leaders from ineffective ones

(Hernandez et al., 2011). By the 1950s most of the leadership research had changed its paradigm; going from trait theory to focusing on what the leader actually did on the job (Lussier & Achua, 2013, p.16). These scholars defined behavioral leadership theories as *'attempts to explain distinctive styles used by effective leaders, or to define the nature of their work'* (p.16). Researchers focused on the identification of differences in the behavior of effective leaders versus ineffective leaders. For instance, the work of Maslow's hierarchy of needs and Herzberg's theory belong to behavioral leadership theory (Klainberg & Dirschel, 2010). Kurt Lewin and his research group were among the first who direct controlled experiments to examine what leaders do, what they emphasize and how they relate to subordinates. These researchers found three main leadership styles, namely autocratic, bureaucratic and laissez-faire (Heron & Rossiter, 2007).

However, behavioral researchers began to recognize the 'situational nature of leadership' and the existence of behavior by situation interactions (Fleishman, 1953; Mann, 1965). Nonetheless, the primary focus of leadership in the behavioral theories was indeed behaviors. Although the behavioral leadership theory paradigm found also no agreement on one best leadership style for all management cases. The main leadership theories within the behavioral leadership theory paradigm are mentioned in table 1.

2.3.3. The contingency leadership theory paradigm

The trait and behavioral theories – also called universal theories - were both attempts to find the one best leadership style in all situations. Although around the 1960s and 1970s it became apparent that the style of leadership depends on the situation (Filatotchev & Allock, 2010). These leadership theories take into account different situational factors acting as potential constraints or opportunities for business leaders. In this way, the leadership paradigm shifted to contingency theory which attempts *'to explain the appropriate leadership style based on the leader, followers, and situation'* (Lussier & Achua, 2013, p. 17). Donaldson (2001) noted that the essence of the contingency theories is that organizational effectiveness results from fitting characteristics of the organization, such as its structure, to contingencies that reflect the situation of the firm (p.1). Thus, this type of paradigm emphasizes also the importance of situational factors which includes the nature of work performed, the external environment and the characteristics of subordinates.

Saal and Knight (1988) argued that this paradigm was a major insight at that time, because it opened the door for the opportunity that leadership could be different in every situation. Therefore, a more realistic view of leadership has surfaced that allowed for the situational specificity and complexity of overall effectiveness (Spais, 2005). The reason for the focus on effectiveness is that organizational theory has been concerned to explain the success or failure of the organization (Donaldson, 2001). The main leadership theories within the contingency leadership theory paradigm are mentioned in table 1.

2.3.4. The integrative leadership theory paradigm

Although the contingency theories contributed extensively to the literature, some scholars started to question the validity of the elusive and lofty leadership construct. These scholars provide some compelling arguments for looking at leadership through an entirely different lens (Hernandez et al., 2011). More recently, researchers have begun to conceptualize

leadership as a broader mutual influence process (DeRue & Ashford, 2010). The leadership theory paradigm began to shift to integrative or neo-charismatic theory. Lussier and Achua (2013) defined integrative leadership theories as ‘*the attempt to combine the trait, behavioral, and contingency theories to explain successful, influencing leader-follower relationships*’ (p.17). Horner (1997) mentioned that this view emphasizes the fact that leadership exists within each individual. Thus leadership is not confined to the limits of formally appointed business leaders. Hernandez et al. (2011) argued that this paradigm questioned the assumption of an average leadership style that may be equally effective with all subordinates.

In accordance, Manz and Sims (1991) noted that to be successful, business leaders need to facilitate each individual in the process of leading himself or herself. The success of leaders depends on unleashing the abilities and potential of their subordinates. Furthermore, it is important to consequently gaining access to the knowledge of many individuals instead of relying solely on their own skills and abilities (Horner, 1997). The main leadership theories within the integrative leadership theory paradigm are mentioned in table 1.

	Year of publication	Theorist	Model	Basic Tenet(s)
Trait	1911	Taylor	Scientific Management	Time-motion studies with four principles of management.
	1933	Mayo	Hawthorne Studies	According to Mayo (1933) work performance depends on both social and job content.
	1938	Bernard	Executive Function	Bernard (1938) argued that firms are systems of cooperation of human activity.
	1947	Simon	Theory of Administrative	Simon (1947) mentions that search for a decision for most problems that are good enough. Green (2014) add that firms typically run on a collection of decisions that were good enough rather than optima.
	1948	Stogdill	Traits of Leadership	Stogdill (1948) analyzed 128 published trait studies, but was unable to develop a definite list.
Behavior	1948	Coch & French	Michigan Studies	Job-centered versus employee-centered styles of leadership.
	1948	Stogdill	Ohio State Studies	Ohio State Studies include consideration and initiating behavior.
	1954	Maslow	Hierarchy of Needs	A hierarchy, often shown as a pyramid, reflecting the four types of needs that motivate people.
	1957	McGregor	Theory X and Y	McGregor (1957) noted that leadership styles of managers are affecting by the way they look at their subordinates.
	1957	Tannenbaum & Schmidt	Continuum of Leader Behavior	A distinction between autocratic to democratic continuum model.
	1964	Blake & Mouton	Managerial Grid	Situational leadership concern for people versus concern for task.
Contingency	1965	McClelland	Achievement Theory	Need for achievement, need for power, need for affiliation.
	1966	Hertzberg	Motivation Hygiene	Satisfaction and psychological growth result from motivation factors; dissatisfaction results from lack of hygiene factors.
	1967	Likert	Systems 1-4	Four different systems of organizational management; System 1-Authoritarian, System 2- Benevolent Authoritarian, System 3- Consultative, System 4- Participative.
	1967	Fiedler	Contingency Model	Leadership effectiveness depends on both the leader's personality and the situation; Least Preferred Coworker Scale.
	1967	Reddin	3D Management Style	Style-contingency approach with five styles: situational, autocratic 1, autocratic 2, consultative 1, consultative 2 and group. The style is chosen by answering seven questions, which form a decision tree.
	1974	House	Path-Goal	The leaders' function is to clear the path toward the goal of the group, by meeting the needs of subordinates.
	1976	Vroom	Expectancy Theory	Individuals have different sets of goals and can be motivated if they believe that there is a positive correlation between the efforts and performance; favorable performance will result in a desirable reward, the reward will satisfy an important need, the desire to satisfy the need is strong enough to make the effort worthwhile.
	1988	Hersey & Blanchard	Situational Leadership	Hersey & Blanchard's situational leadership model suggests that successful leaders do adjust their styles. There are four main leadership styles: delegating, participating, selling and telling.
Integrative	1977	House	Charismatic Leadership	A charismatic leader has the ability to influence subordinates based on sort of supernatural gift and attractive powers. Subordinates enjoy being with a charismatic leader, because they feel inspired, correct and important.
	1977	Greenleaf	Servant Leadership	This leadership theory argue that in the workplace it is about helping others to accomplish shared objectives by facilitating individual development, empowerment, and collective work that consistent with the health and welfare.
	1978	Burns	Transformational Leadership	A dynamic and two-way relationship between leaders and subordinates. According to this theory leaders must connect with the needs and wants of the subordinates and establish motivation to accomplish collective goals that satisfy the needs of both leaders and subordinates.
	1978	Kerr & Jermier	Substitutes for Leadership	Aspects of the environment other than the hierarchical leader can provide leadership to subordinates.
	1986	Tichy & Devanna	Transformational Leadership	These leaders are agents of change, have courage, openness and faith in the subordinates; are led by values; believe in life-long learning; have the ability to face the complex, ambiguous, and uncertain situations, and have visionary abilities.
	1989	Manz	Super leadership	Leads others to lead themselves through designing and implementing the system that allows and teaches employees to be self-leaders.
	1989	Yukl	Integrating Model	The subordinate's effort, skill, leader's role, resources available, and the group's cohesiveness in any particular situation determine leader behavior.
	1991	Covey	Principle Centered Leadership	Leadership on the basis of natural principles. It is built on those principles into the center of their relationships with others, into the center of their agreements and contracts, into their management processes and into their mission statement.
	1995	Green & Uhl-bien	Leader-member-exchange theory (LMX)	LMX theory assumes that leaders and subordinates are involved in an exchange relationship in an exchange relationship. Subordinates follow because they receive something from the leader. In turn, the leaders lead as they get something from the subordinates.
	2003	Fry	Spiritual leadership	Spiritual leadership examines how leaders use values, a sense of "calling" and membership to motivate subordinates.
2004	Avolio	Authentic Leadership	A pattern of transparent and ethical leader behaviour that encourages openness in sharing information needed to make decisions while accepting holding subordinates' input.	

Table 1: Summary of the most important leadership theories

2.4. THEORETICAL FRAMEWORK FOR THIS STUDY

The literature review of leadership shows that the prominent leadership theories have grown, shifting from simplistic characterizations of personality traits to more complex frameworks for understanding what contributes to effective leadership. After reviewing all the different leadership paradigms, it can be concluded that there is no mutual agreement between practitioners and academics as which theory or model can be considered as most effective. Since, a single theory cannot explain all situations having both strengths and weaknesses (Malik, 2012).

Even though there are many leadership theories, only the contingency leadership theory paradigm and particularly the path-goal theory of House (1971) emphasized the flexible use of different leadership styles to achieve many staff outcomes. For this study, a contingency theory is most suitable because it upholds the idea that

the effectiveness of leadership is based on the leadership style - whether task oriented or people oriented - and the favorableness of the situation in which the leader operates (Paraschiv, 2013). Due to the complexity of both strategy generation and execution processes, the flexibility of the Path-Goal theory fits especially well with this study. Basically, this leadership theory is a combination of situational leadership and Vroom's expectancy theory of motivation (Karmakar & Datta, 2012). The path-goal theory concerns relationships between formally appointed superiors and subordinates in their day-to-day functioning (House, 1996). Herein, an effective leader clarifies subordinates' paths to work goals and the link between work goals and valued personal outcomes, thus making it explicit what subordinates need to do (Hernandez et al., 2011). The path-goal theory categorizes four kinds of leader behavior in more specific terms, namely directive, supportive, participative and achievement-oriented (House & Mitchell, 1974).

This study aims to relate a leadership style with the effectiveness of strategy generation and execution. Therefore, the leader's behavior is investigated in order to determine the influence of leadership style on the effectiveness of the strategy process. Figure 4 assumes that the style of leadership can be positively or negatively related to the effectiveness of strategy generation and strategy execution. Regarding strategy generation process, Özer and Tinaztepe (2014) argued that good strategy is one of the driving forces for the future success of an organization. Formulation of a development concept is perceived most often as a creative task and therefore is assigned to higher management (Raffoni, 2003). Evidences indicate that inadequate leadership and management skills contribute towards the failure of a firm (Davies, Hides & Powell, 2002) Similarly, Podolny, Khurana, and Hill-Popper (2005) noted that the roots of executive leadership are in the creation of meaning within the organization. In accordance, O'reilly et al. (2010) mention that if the formulation of strategy lack clarity and consistency across leaders at different levels of the organization they may reduce subordinates' ability to understand the importance of and execute strategic initiatives.

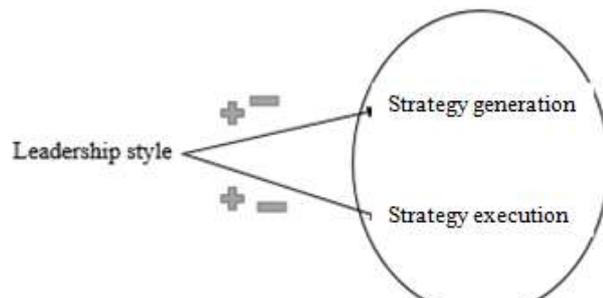


Figure 4: Conceptual model

On the other hand, scholars draw attention to the impact of leadership style on subordinates' involvement in the strategy execution phase, because leaders are responsible for defining the strategic guidelines that determine the perception of the strategy at all levels of the company (Boomer, 2007). Cocks (2010) argued that strategy execution does not add enough splendour. Foster and Browne (1996) noted that execution is an area assigned specifically to mid-level managers. Consequently, the business leaders' task is to take measures aimed at eliminating the informal division in order to delegate the status of a common goal to the strategy execution. Furthermore, Kazmi and Kazmi (2005) suggest that an effective execution of a strategy requires a leader with a style that has characteristics consistent with the competencies required by the strategy. Thus, '*a strategy creates certain competency requirements that should be fulfilled by the leadership style adopted. If this is done, then there is a higher likelihood of strategy being effective*' (Kazmi & Kazmi, 2005, p. 401). Berson and Avolia (2004) add that upper-level leaders' actions influence the ways lower level leaders translate and disseminate information about a new strategy.

Thus, it is clear that leaders influence strategic initiatives and their execution, *how* aggregate leadership style influences both processes is not straightforward. This study proposes that leadership style has an effect on the effectiveness of the strategy generation and strategy execution process. Based on the four dimensions of the path-goal theory (1971), four hypotheses could be formulated.

2.4.1. Directive leadership style

The directive leadership style clarifies expectations and provides specific guidance to accomplish the desired expectations based on performance and organizational rules (House & Mitchell, 1974). Bass and Bass (2009) noted that this leadership style is also termed *autocratic leadership* in which the leader is controlling, power-oriented and closed-minded in nature. A directive style is most suitable in situations that require immediate actions and with newly or inexperienced subordinates (Negron, 2008). Furthermore, Polston-Murdoch (2013) observed that the directive leadership style may be perceived as aggressive, controlling, descriptive and structured by dictating what needs to be done, when it need to be done and how to do it. Although this style of leadership can be effective in communicating a clear and concise vision of the firm's strategic goals (Dolatabadi & Safa, 2011). Therefore the following hypothesis is assumed:

Hypothesis 1a: *A directive leadership style has a positive perceived effect on the effectiveness of the strategy generation process.*

Research of Polston-Murdoch (2013) founded that the directive style is positively related to subordinates' expectations and satisfaction for employees who are employed to perform ambiguous, unstructured tasks. This type of leadership style is highly task-oriented and may often reward obedience with no hesitation to also punish disobedience (Burke, Stagl, Klein, Goodwin, Salas & Halpin, 2006). A directive leader explains expectations and gives specific guidance to accomplish the desired expectations based on organizational rules and performance standards (Leana, 2013).

Bass and Bass (2009) noted that many employees possibly dislike directive leaders but tend to work well under them. In accordance, the study of Schoel, Bluemke, Mueller and Stahlberg (2011) found that well-liked leaders are sometimes perceived as

ineffective while disliked leaders perceived as effective. Also Bass and Bass (2009) confirmed that directive leaders tend to be effective, because these leaders create good structure and they determine what needs to be done. Subordinates of a directive leader may also heavily rely on their leader and could underperform in the leaders' absence (Bondas, 2009). However, a directive leader makes their subordinates more dependent, inflexible and facilitating them to be less initiative (Euwema, Wendt & van Emmerik, 2007).

In the view of globalization and the knowledge economy, a directive leader may no longer be accepted by subordinates who are becoming more independent, competent and knowledgeable (Jayasingram & Cheng, 2009). Furthermore, Okoji (2014) added that a directive leadership style results in minimal or no innovation and virtually no personal or organizational change, growth and development. Because of the directive nature of leadership subordinates may be less likely to adopt management's values and vision if they are excluded from the decision-making process. Therefore the following hypothesis is assumed:

***Hypothesis 1b:** A directive leadership style has a negative perceived effect on the effectiveness of the strategy execution process.*

2.4.2. Supportive leadership style

The supportive leader acts in a responsive manner therefore creating a friendly organizational climate and verbally recognizes subordinates' achievement in rewarding modus (House & Mitchell, 1974). In modern leadership theories this style is seen as the *transformational leadership* style (Bass & Bass 2009). This type of leadership shows concern for subordinates' wellbeing. Regarding the strategy generation process, it is assumed that a supportive leadership style could negatively influence the effectiveness of it. Because of the fact that this type of leadership mainly focuses on human concerns, whereby it is possible that this type of leader should lose sight the formal organizational interests such as a clear and concise vision of the firm's strategic goals. Hence, the following hypothesis is formulated:

***Hypothesis 2a:** A supportive leadership style has a negative perceived effect on the effectiveness of the strategy generation process.*

Supporters of this leadership style argue in terms of inspiring subordinates to go beyond the call of duty and act as mentors (Vinkenburg, van Engen, Eagly & Johannesen-Schmidt, 2011). Supportive leaders demonstrate respect for subordinates and treat everyone equal (House, 1971). According to Reardon, Reardon and Rowe (1998), '*supportive leaders' learn by observing outcomes and how others react to their decisions*' (p. 132). Leaders with a supportive leadership style support subordinates to claim ownership of the team's vision and move towards achieving it thus increasing morale. In this way, the subordinates become motivated to develop their own leadership skills (Giltinane, 2013). Supportive leadership gives authority to the people doing the work which positively could influence the strategy execution process. Furthermore, a supportive leader attempts to reduce stress and frustration in the workplace (Khalid et al, 2012). As a consequence, through supportive leadership behavior subordinates are better able to maximize the application of their intelligence which could also positively affect

on the strategy execution process (House, 1996). Therefore, the following hypothesis is formulated:

Hypothesis 2b: A supportive leadership style has a positive perceived effect on the effectiveness of the strategy execution process.

2.4.3. Participative leadership style

The participative leader retains final decision authority, but also takes on consultative behaviors such as soliciting employees for suggestions prior to making a final decision (House & Mitchell, 1974; Bass & Bass, 2009). This approach can also be described as the *democratic leadership style* (Bass & Bass, 2009). The participative leader shares responsibilities with subordinates by involving them in the planning, decision-making, and execution phases (Negron, 2008). In this way, motivated employees become more self-directed and generate a creative team thereby presenting a greater cohesive team and ownership amongst participants (Hersey, Blanchard & Johnson, 1996). Due to the fact group members share their thoughts and ideas, participative leadership can lead to better ideas and more creative solutions. Therefore, the following hypothesis is formulated:

Hypothesis 3a: A participative leadership style has a positive perceived effect on the effectiveness of the strategy generation process.

However, Cummings et al. (2009) argued that participative leaders have less control over their subordinates as compared to directive leaders, because participative leaders provide more guidance to their subordinates rather than controlling them. It must be noted, however, that the participative leadership style has the potential for poor decision-making and weak execution (Ojokuku, Odetayo & Sajuyigbe, 2012). These researchers noted that the biggest challenge with participative leadership is its underlying assumption that everyone has a stake in an outcome as well as shared levels of expertise regard to decisions. A participative leadership style is often bogged down in its own slow process and workable results require a tremendous amount of effort. Although, the research of Ojokuku et al. (2012) indicated that the participative leadership style has positive effect on organizational performance ($r=.2015$, $P<0.01$).

Ahearne, Lam and Kraus (2013) claimed that particularly those leaders who have a large number of subordinates should be characterized by a more open and creative attitude. In this way, a participative style of management is much more conducive to the involvement of the individuals responsible for the strategy execution than a directive style (Northouse, 2004). Furthermore, Håkonsson, Burton, Obel and Lauridsen (2012) argued that this is also influenced by the leadership style and the ability to process and analyze information, which is also indirectly linked with the type of the executed strategy itself. Hence, Giltinane (2013) indicates that even though participative leadership can be less effective than other leadership styles, it appears to be more flexible and usually increases creativity and motivation among the subordinates which are important components for productivity. This echoes the assertion that, employees in the 21st century no longer respond to directive leadership forms but expect to participate in the decision making process (Bondas, 2009). Hence, the following hypothesis is formulated:

Hypothesis 3a: A participative leadership style has a positive perceived effect on the effectiveness of the strategy generation process.

2.4.4. Achievement-oriented leadership style

The achievement-oriented leader sets ‘*challenging goals, expects subordinates to perform at their highest level, continuously seeks improvement in performance and shows a high degree of confidence that the subordinates will assume responsibility, put forth effort and accomplish challenging goals*’ (House & Mitchell, 1974, p. 83). Modern leadership theories also described this style as *transactional leadership style* (Sims Jr, Faraj & Yun, 2009). However, unlike House’s (1974) achievement-oriented style, transactional leaders are categorized into three distinct types. Contingent reward is a transactional leaders’ characteristic where rewards are offered to subordinates if certain criteria are met. This dimension fits with House’s description of this achievement-oriented leadership style. According to Luthan (2011) this type of leadership style is most effective in professional work environments or in achievement environments. Hence, Philips and Gully (1997) noted that in setting challenging goals, high standards are demonstrated and expected. Robbins (2014) mentioned that an achievement-oriented leadership style positively influence organizational commitment which refers to the degree of identification and participation that subordinates have with the firm’s mission, values and goals. Therefore, the following hypothesis is formulated:

Hypothesis 4a: *An achievement-oriented leadership style has a positive perceived effect on the effectiveness of the strategy generation process.*

Moorhead and Griffin (2012) argued that by setting challenging goals for the subordinates, they feel that their leader has confidence in them. This is often associated with using rewards as extrinsic motivation to subordinates when the desired goals are achieved (Negron, 2008; Ratyan & Mohd, 2013). Furthermore, Negron (2008) mentioned that the achievement-oriented leadership style suit with unclear tasks and subordinates who may need a morale booster to increase their confidence in ability to accomplish the given goal. In accordance, research of Awan, Zaidi and Bigger (2008) indicated that high achievement-oriented leaders had a positive effect on subordinates’ job expectancies and job satisfaction, especially in cases where subordinates had a high need for achievement (p.34). Furthermore, the study of Tanchaisak (2009) founded during the analysis a positive relationship between affective organizational commitment and an achievement-oriented leadership style ($r=.435$, $p< 0.01$). These results suggest that an achievement-oriented leadership style fits with an effective strategy execution process which includes a logical set of connected actions that make a strategy work. Based on that, the following hypothesis is formulated:

Hypothesis 4b: *An achievement-oriented leadership style has a positive perceived effect on the effectiveness of the strategy execution process.*

2.5. CAUSAL MODEL

The model presented in figure 5 illustrates the expected relationships between the effectiveness of strategy generation and strategy execution and the style of leadership.

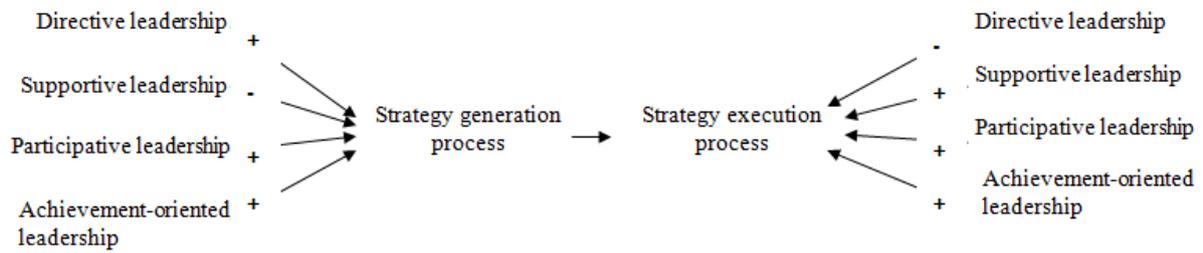


Figure 5: Causal Model regarding effectiveness of strategy process

Chapter 3: Methodology

3.1. INTRODUCTION

An empirical quantitative study had been performed. This chapter will address the research approach, sampling and selection criteria, data collection, operationalization of the concepts and data analysis.

3.2. RESEARCH APPROACH

A research should contain the most effective design to answer the research questions posed in the study. The central research question is: *“What effect does the style of leadership have on the effectiveness of strategy generation and execution process at Dutch SMEs?”* The purpose of this research is to identify differences between the styles of leadership and the effectiveness of strategy generation and execution process at Dutch SMEs. Predominantly, the decision between quantitative and qualitative research approach is driven by the research purpose. On the one hand, a qualitative research approach aims to describe a phenomenon or generate a theory. On the other hand, a quantitative research approach tends to explain causes and make predictions (Bryman & Bell, 2007). Taking into consideration the objective of this study and the constraints within the research context, the data collection method employed is quantitative. Quantitative research can be used in response to relational questions (Williams, 2011). Leedy and Ormrod (2001) added that *‘the intent is to establish, confirm or validate relationships and to develop generalizations that contribute to the theory’* (p.102). The results of a quantitative research method can be predictive, explanatory and confirming (Williams, 2011).

This type of research can be defined as explanatory. The main purpose is to establish a relationship between variables (Saunders et al., 2009). This research follows a single research method, namely an online survey design and the analysis is based on primary data generated through a structured online questionnaire. A single research method is less challenging in terms of successful integration of data during the analysis and interpretation than mixed research methods. Therefore, this study only used an online structured questionnaire to gather data. Respondents can answer the questionnaire at their convenience, this is particularly important to this research method because it is self-assessment. Another advantage is that respondents are given privacy, which often is an important factor in respondent’s deciding to participate and in deciding to provide accurate responses, especially to sensitive questions (Lavrakas, 2008). Chandler et al. (2011) mentioned that the advantages of using this data-gathering tool imply to collect large amounts of information from a large number of respondents. This method is considered ideal to gather standardized data. Online questionnaires provide in a relative short period of time and in an economically efficient way data.

3.3. SAMPLING AND SELECTION CRITERIA

In order to get reliable outcomes it is important to set selection criteria. Only those people who are still in a managerial position at a business organization are asked to participate in the study. These leaders have a stable knowledge background with a common baseline of knowledge about the strategy process. This is done with the intention to reduce the probability

that individuals lack interpretations of terminology and concepts used in the survey (Dew et al., 2009).

Cooper and Schindler (2003) argued that the basic idea of sampling is that by selecting some of the elements in a population, the researcher may draw conclusions about the entire population. The main focus group for this study are SMEs. According to Gupta, Guha, Krishnaswami (2013) SMEs are considered backbone of economic growth in all countries. These companies contribute in providing job opportunities, act as supplier of goods and services to large organizations. Furthermore, SMEs are interesting, because they have simple systems and procedures which allows flexibility, short decision-making chain, immediate feedback, better understanding and quicker response to customer needs than larger companies (Singh, Garg, Deshmukh, 2008). On the other hand, SMEs are on tremendous pressure to sustain their competitive advantage in domestic as well as global markets. Owing to competitive competition, technological advances and changing needs of consumers, competitive paradigms are continuously changing (Hin & Bohari, 2012). According to Singh et al. (2008), these changes are driving organizations to compete, simultaneously along different dimensions such as development and design of product, manufacturing, communication, distribution and marketing. In this study SMEs are defined as firms that employed 11 up to 500 employees (Miller, Glick, Wang and Huber, 1991). However, it is also interesting to compare the results of SMEs with small (1-10 employees) and large (more than 500 employees). Therefore also these business leaders are included in this study.

3.4. ONLINE MAIL QUESTIONNAIRE

The questionnaire consists of two main parts, namely the assessment of leadership style and the effectiveness of the strategy process. This study has two dependent variables which are effectiveness of strategy generation and execution and four independent variables which are the leadership styles directive, supportive, participative and achievement-oriented. In order to assess the relationship between leadership styles and the effectiveness of strategy generation and execution a questionnaire was developed which includes 49 questions (see appendix 2). Furthermore, some demographic questions were included as last section of the questionnaire.

3.4.1. Leadership styles part

The path-goal leadership questionnaire is adapted from Indvik (1985; 1988). This questionnaire is chosen as most appropriate measurement instrument to assess the style of leadership and is based on the work of House and Dessler (1974), House (1977) and Fulk and Wendler (1982). The leadership style part of the questionnaire includes a leader-rated 20-item behavior scale with a seven point Likert Scale ranging from '(1) never' to '(7) always'. Neuman (2000) argued that a Likert Scale is simple and easy to use. Furthermore, Neuman (2000) proposed that the reliability of data conducted with this scale is highly valued. Therefore, it is easier for respondents to elucidate the analysis for the credibility it has created for.

During the selection process of the measurement instrument also other leadership style measurement instruments were evaluated. For instance, the Multi-leadership Questionnaire (MLQ) from Bass and Avolio (1995) who measures 45-items grouped into to twelve various attributes of three broad categories of leadership style: transformational, transactional and

laissez-faire. However, the original questionnaire of Bass and Avolio (1995) contains 45-items, on a 5 point Likert-type scale with 1 (not at all) and 5 (always) and is more time consuming than the 20-items of the Path-Goal questionnaire of Indvik (1985;1988). Furthermore, literature suggests that there is overlap between both questionnaires, for example Bass and Bass (2009) argued that supportive leadership can be identified with the transformational leadership style in modern leadership theories. Although the path-goal leadership measurement instrument adapted from Indvik (1985; 1988) is not the most well-known instrument; the questions are clear, the questionnaire has an acceptable length and this instrument makes a clear distinction between four leadership styles: directive, supportive, participative and achievement-oriented. Furthermore, meta-analysis of other researchers provided a better insight in reliability of the instrument. For instance, Indvik (1986) reported meta-analysis reliabilities as follows: directive (.80), supportive (.86), participative (.81) and achievement-oriented (.69). According to Indvik (1986) the number of studies reporting a given relationship ranged from two to 26, with sample sizes ranging from 272 to 4993 (p.190). Ogbeide (2005) also observed high internal consistency reliability for all variables: directive (.807), supportive (.753), participative (.752) and achievement oriented (.680).

The questionnaire is developed by Indvik (1985;1988) and provided information about the four leadership styles: directive, supportive, participative and achievement-oriented. In order to gather reliable data each type of leadership is comprised of five questions. The directive leadership style consisted of items 1,5, 9 14 and 18. The supportive leadership style contains the items 2,8,11,15 and 20. The participative leadership style includes items 3,4,7,12 and 17. The achievement-oriented leadership style consisted of items 6,10,13,16 and 19. The scores for the items 7, 11, 16 and 18 were reversed. For the purpose of this research, the path-goal questionnaire serves as a self-reflection leader-rated instrument. Examples include: ‘I do little things to make it pleasant to be a member of the group’ and ‘I as a leader give vague explanations of what is expected of subordinates to attain’.

	All (N=166)			SMEs (N=93)		
	KMO	Cronbach's Alpha	Barlett's Test sign at	KMO	Cronbach's Alpha	Barlett's Test sign at
Directive	0,608	0,475	0,000	0,609	0,501	0,000
Supportive	0,594	0,503	0,000	0,646	0,515	0,000
Participative	0,714	0,637	0,000	0,654	0,637	0,000
Achievement-oriented	0,751	0,338	0,000	0,756	0,449	0,000

Table 2: Reliability and Validity Tests: Leadership styles

In this study all the items related to leadership (directive, supportive, participative and achievement-oriented) were taken together in the factor analysis. The Kaiser-Meyer-Olkin (KMO) measures the sample adequacy; whether the partial correlations among variables are small. This indicator is used as an index to examine the appropriateness of factor analysis. Malholtra and Birks (2006) noted that high values (0,5-1.0) indicate that factor analysis is appropriate. Table 2 shows that between the four leadership styles, achievement-oriented has recorded the highest sampling adequacy (.751 and .756) compared to participative (.714 and .654), supportive (.594 and .646) and directive (.608 and .609).

Another test to ensure the appropriateness of the questionnaire is Cronbach's alpha

which measures the internal consistency reliability. The coefficients are between 0-1 and different researchers argue that a value ranging from 0.70-0.95 generally indicates satisfactory internal consistency reliability (Nunnally & Bernstein, 1994; DeVellis, 2003). The overall Cronbach's alpha for the leadership style part is .704 which consists of 20-items for all leadership styles. Especially looking at SMEs, the overall Cronbach's alpha is a bit higher .728. Table 2 shows the Cronbach's alpha's for each individual leadership style which consist of five questions. The individual scores are a bit lower than the overall Cronbach's alpha: directive (.475 and .501), supportive (.503 and .515), participative (.637 and .637) and achievement-oriented (.338 and .449).

3.4.2. Strategy process part

Besides the leadership style self-assessment part, respondents did also answer questions about the strategy process. The second part of the instrument includes the assessment of the effectiveness of the strategy. Inspiration for the development of this part includes elements from the self-assessment strategic planning questionnaire from Strategic Futures, elements from the literature review and the strategy generation versus strategy execution framework from Leinwand et al. (2015).

The main goal of this part is measure the effectiveness of strategy generation and execution. This strategy part includes a 29-item scale with a five point Likert Scale ranging. The first section measures the 'basic' elements of strategy which consists of 9-items. For instance, this section tests whether the company has a clear written mission statement and if it has SMART formulated short and long term goals. The first section used a Likert Scale ranged from '(1) strongly disagree' to '(5) strongly agree'. The second section measures the strategy generation elements of the company in case which consists of 10-items. For instance, this section tests whether the company uses analyses to formulate their strategy. Items 10-19 were also ranged from '(1) strongly disagree' to '(5) strongly agree'. The third section tests the strategy execution elements which consists of 7 items. This part of the questionnaire includes assessments about strategy execution which could affect the effectiveness of the strategy. For instance, this section measures if the company uses a strategic plan and whether sufficient resources are achievable for execution. Also for this section, a Likert Scale ranged from '(1) strongly disagree' to '(5) strongly agree' is used. The fourth section with items 27-28 were ranged from '(1) very ineffective' to '(5) very effective'. These two questions were based on the framework of Leinwand et al. (2015). For these two questions another type of Likert Scale is useful because it directly measures the effectiveness of both strategy generation and execution. The last section includes a peer assessment which used a ranging from '(1) well below average' to '(5) well above average'. The peer assessment is based upon three main elements: strategy generation, strategy execution and financial results.

	All (N=193)			SMEs (N=93)		
	KMO	Cronbach's Alpha	Barlett's Test sign at	KMO	Cronbach's Alpha	Barlett's Test sign at
Strategy elements (item 1 – 9)	0,799	0,858	0,000	0,815	0,880	0,000
Strategy generation (item 10-19)	0,901	0,867	0,000	0,901	0,877	0,000

Strategy execution (item 20-26)	0,732	0,767	0,000	0,773	0,810	0,000
Strategy effectiveness (item 27-28)	0,500	0,736	0,000	0,500	0,735	0,000
Strategy peer assessment (item 29)	0,656	0,782	0,000	0,687	0,818	0,000

Table 3: Reliability and Validity Tests: Strategy

Table 3 shows all the items related to strategy process (strategy elements, strategy generation, strategy execution, strategy effectiveness and strategy peer assessment) that were taken together in the factor analysis. Results show that strategy generation (.901 and .901) has recorded the highest sampling adequacy compared to strategy elements (.799 and .815), strategy execution (.732) and (.773), strategy peer assessment (.656 and .687) and the lowest is strategy effectiveness (.500 and .500). All KMO values are relatively high which indicate the appropriateness of the model. Furthermore, the overall Cronbach's alpha for the strategy process part is .922 which consists of 29-items for all strategy sections. Especially looking at SMEs, the overall Cronbach's alpha is a bit higher: .930. A high value of Cronbach's alpha indicates a good internal consistency of the items in the scale. Table 3 shows the Cronbach's alpha's for each specific section. The scores are a bit lower than the overall Cronbach's alpha: strategy elements (.858 and .880), strategy generation (.867 and .877), strategy execution (.767 and .810), strategy effectiveness (.736 and .735) and strategy peer assessment (.782 and .818).

3.4.3. Control variables

To make sure that proposed outcomes can be attributed to the measured values, the questionnaire included some control variables to get a useful profile of the respondents. First of all, the position of the respondent within the organization is included as control variable. In other words 'Does the respondent have a managerial position within a company'? This is important to know, because it gives an indication about the influence of the respondent regarding the strategy process. Secondly, firm size is included as control variable for their potential impact on the style of leadership. Lastly, the gender of the respondent is included as control variable.

3.4.4. Weaknesses of the research method

The flip sides of this research method are four survey error types which could occur: coverage, non response, sampling and measurement error (Reynolds et al., 2006; Lavrakas, 2008). First, coverage error refers to the fact that some members of the population are not covered by the sampling frame. In other words, these people have no chance of being-selected into the sample. Reynolds et al. (2006) indicated that familiarity with information technologies is increasing; these trends suggest that coverage error will rapidly diminish to an acceptable level in the near future and positively reinforce the advantages of online questionnaires. In this case, LinkedIn is used as electronic platform in order reduce the coverage error. An article about the research is published and shared by followers; in this way more people with the right requirements could be reached.

Secondly, nonresponse error occurs when respondents fail to respond to the invitation to participate in a survey or abandon a questionnaire before completing it (Reynolds et al.,

2006). The personal e-mail explained the purpose of the research, gave a time indication and offered participants a compensation to attend the seminar or receive an email with a summary of the research results (see attachment I). Furthermore, an attractive subtitle is used, namely: 'Help Yvonne de winter door!'. It is clearly stated that participation could be anonymously which could increase the response.

Third, sample error refers to the fact that an online survey design collects information only from the people who are included in the sample. When simple random sampling is used, increasing the sample size will decrease the sampling error. The sample consists of 1385 e-mail addresses from people with the right requirements. Sample error is reduced to use this customer database from the IJsselvliet Consultancy which operated in the right target population.

Lastly, measurement errors occurs as a results of poor question wording or questions being presented in such a way that inaccurate or interpretable answers are obtained (Dillman, 2000). A mismatch has serious consequences, because it leaves uncertainty whether indeed the theory has been tested or something else. In order to make valid and reliable conclusions, different scholars recommend to precisely define the constructs and to be specific about the relationship between them. This kind of error is reduced through the choice for structured questions without open questions and pilot testing the questionnaire. The aim was to test if the questionnaire in general and the statements in particular were understandable and possible to answer (Babbie, 2010). Furthermore, participant bias refers to respondents answering what respondents thought socially accepted answers (Saunders et al., 2009). This type of bias was minimized by informing the respondents that the questionnaire is entirely anonymous, so that the answers could not be linked to any individual person.

3.5. DATA COLLECTION

A professional business network is necessary in order to reach people in a managerial position. Therefore, IJsselvliet Consultancy was approached which is a consultancy firm based in Zwolle. In the past, the business partners of IJsselvliet Consultancy have worked for KPMG. Their experience and large-scale network provided as a good basis for a new business: IJsselvliet Consultancy. The company primary focuses on strategy realization cases, mergers and acquisitions. For this study the customer database of IJsselvliet Consultancy is used. This database includes 1385 correct email addresses of people in a managerial position working at a non-listed company. The customer database of IJsselvliet mainly consists of executive boards and department heads working at all kind of industries – e.g. banking, insurance, healthcare, education, construction, automotive, industry, transport, logistics and municipalities - within the Netherlands.

LimeSurvey is chosen as suitable data collection tool. On 11th October, a personal mail with a link to the questionnaire was send and within 3 weeks all the data was gathered. In order to gain attention, an attractive subtitle was used: 'Help Yvonne de winter door!'. Consequently, in total 172 respondents completed the questionnaire. The data set was checked for missing values, possible errors and outliers. Furthermore, respondents without a managerial position were deleted (N=6). Subsequently, the response rate can be calculated: $166/1385 \times 100\% = 12,0\%$ (see table 4). Due to the fact that the target group – people in a managerial position – is quite complex, it is surprisingly that 166 leaders completed the

questionnaire which includes 49 questions. Table 4 shows that in total 207 people were curious and that they activate the link. However, they did not answer any question thus did not participate in the research, regardless of the reasons. Furthermore, an article about the research is published and shared at LinkedIn which is a professional electronic platform (see appendix 4).

Type of response	Responses	Response rate
Total responses	379	27,4 %
Complete response	172	12,4 %
Incomplete response	207	14,9 %
Complete but not useful response	6	0,4%
Useful response for data analysis	166	12,0 %

Table 4: Response rates

3.6. DATA ANALYSIS

After the data collection a general analysis of gathered data was conducted using SPSS. In this way the data set was checked for missing values, possible errors and outliers.

Descriptive statistics are used to describe the basic characteristics of the data. Descriptive statistics provide summaries about the sample and the measures. Furthermore, a correlation analysis is conducted to indicate the level of correlation between variables and to assess the significance of the correlation. The correlation is coded as ‘r’. A value of zero indicates that there is no relationship between variables and a value of one indicates that there is a perfect linear relationship between variables. Furthermore, a negative correlation value indicates that variables do not move together in the same trend.

In order test the hypotheses a regression analysis is performed. A multiple logistic regression analysis to investigate ‘*What effect does the style of leadership have on the effectiveness of strategy generation and execution process at Dutch SMEs?*’ is conducted. Multiple logistic regression is used to predict the relationship between leadership styles and the effectiveness of strategy generation and execution. The dependent variables in this case are the effectiveness of strategy generation and the effectiveness of strategy execution. These variables are coded as: (1) very ineffective, (2) ineffective, (3) neither effective nor ineffective, (4) effective, (5) very effective and (0) don’t know. On the other hand, the independent scale variables are the styles of leadership which are (1) directive, (2) supportive, (3) participative and (4) achievement-oriented. Gender and firms size are included as control variables.

Chapter 4: Results

The last sub research questions guiding the empirical study of the current chapter is: (3) *How effective are leaders with different leadership styles regarding strategy formulation and execution at SMEs?* In answering this last sub research questions, an one-stage approach consisting of a large-scale self-administered questionnaire was developed. The questionnaire is conducted to get insights about motives for a company's success at strategy generation and execution. An online questionnaire is designed to help broaden and deepen the level of thinking about the forces that provide a firm with sustained advantage.

4.1. DESCRIPTIVE RESULTS

The descriptive statistics are used to organize and summarize the larger amount of data. This section describes the results without generalize it to the larger population. As mentioned the data was checked for missing values, possible errors and outliers. Furthermore, respondents without a managerial function were deleted which means that the respondents are currently all in a managerial position. Table 5 identify that in total 93 leaders of SMEs (11-500 employees) completed the questionnaire, which is 56% of the total sample size. Looking at the gender of the respondents (table 6) most of the respondents were male (N=138), of which 88,2 % is currently working at an SME.

Firm size	N	%
1-10 employees	21	12,7
11-500 employees	93	56,0
More than 500 employees	52	31,3
Count (N)	166	100,0

Table 5: Descriptive statistics: firm size

Gender	All		SMEs	
	N	%	N	%
Male	138	83,1	82	88,2
Female	22	13,3	9	9,7
Anonymous	6	3,6	2	2,2
Count (N)	166	100,0	93	100,0

Table 6: Descriptive statistics: gender

4.1.1. Leadership styles

In order to analyse the leadership style, each respondent answered 20 items with 5 items for each leadership style. This self-analysis questionnaire provides information about the four different leadership styles: directive, supportive, participative and achievement-oriented. Naturally, the respondent did not identify which question was associated with a particular leadership style. In this study, leadership style is the *independent* nominal variable which indicates that the effectiveness of strategy is a results of the style of leadership. A 7-point Likert scale (never- always) is used to measure each item. The scores for each specific style of leadership were summed up. The table 7 provides the mean, standard deviation, number and percentage for each specific style of leadership. The percentages indicate the respondents' highest score on one of the four leadership styles. For example, 22,3% of 166 respondents

have a directive leadership style as most dominant style of leadership. The standard deviation expresses the amount of variation of a set of data values.

	All=166				SMEs=93			
	Mean	SD	N	%	Mean	SD	N	%
Directive	5,278	1,3126	37	22,3	5,356	1,285	24	25,8
Supportive	5,616	1,1120	55	33,1	5,592	1,095	28	30,1
Participative	5,694	0,9976	65	39,2	5,716	0,993	35	37,6
Achievement-oriented	4,838	1,2822	9	5,4	4,846	1,254	6	6,5

Table 7: Descriptive statistics: Leadership style

It is noteworthy that the achievement-oriented leaders were the least represented; 5,4% of the whole sample size. The other three types of leadership are divided more equally of which participative leadership is an outlier with 39,2%. Against SMEs (N=93) there are no significant differences in the distribution of the four styles of leadership. The table 8 shows the mean and standard deviation for each item. This table mentions both the information of all respondents (N=166) and SMEs (N=93).

	Statement	All (N=166)		SMEs (N=93)	
		Mean	SD	Mean	SD
Directive	1. I let subordinates know what is expected of them	5,93	1,034	5,92	1,045
	5. I inform subordinates about what needs to be done and how it needs to be done.	5,08	1,420	5,02	1,467
	9. I ask subordinates to follow standard rules and regulations.	4,58	1,600	4,89	1,564
	14. I explain the level of performance that is expected of subordinates.	5,49	1,100	5,54	1,038
	18. I gave vague explanations of what is expected of subordinates on the job.	5,31	1,409	5,41	1,312
Supportive	2. I maintain a friendly working relationship with subordinates.	5,99	1,095	5,92	1,144
	8. I do little things to make it pleasant to be a member of the group.	5,05	1,295	5,17	1,248
	11. I say things that hurt subordinates' personal feelings.	5,69	1,044	5,67	,971
	15. I help subordinates overcome problems that stop them from carrying out their tasks.	5,63	1,119	5,53	1,119
	20. I behave in a manner that is thoughtful of subordinates' personal needs	5,72	1,007	5,67	,993
Participative	3. I consult with subordinates when facing a problem.	6,12	,913	6,12	,907
	4. I listen receptively to subordinates' ideas and suggestions.	6,23	,801	6,19	,888
	7. I act without consulting my subordinates.	4,51	1,287	4,66	1,264
	12. I ask for suggestions from subordinates concerning how to carry out assignments.	5,59	1,073	5,65	,985
	17. I ask subordinates for suggestions on what assignments should be made.	6,02	,914	5,96	,920
Achievement-oriented	6. I let subordinates know what I expect them to perform at their highest level.	5,19	1,434	5,17	1,442
	10. I set goals for subordinates' performance that are quite challenging.	4,90	1,285	4,97	1,202
	13. I encourage continual improvement in subordinates' performance.	5,78	1,129	5,83	1,109
	16. I show that I have doubts about subordinates' ability to meet most objectives.	3,14	1,428	3,12	1,350
	19. I consistently set challenging goals for subordinates to attain.	5,18	1,135	5,14	1,166

Table 8: Descriptive statistics: leadership Items

4.1.2. Strategy process

Table 9 shows the descriptive statistics for the strategy part of the questionnaire. Respondents answered items based on a 5-point (strongly disagree – strongly agree) Likert-scale regarding the strategy process. In this study the effectiveness of strategy is the *dependent* ordinal variable which indicates that the style of leadership influences the effectiveness of the strategy process. The table below shows the mean and standard deviation for each item for both all respondents (N=166) against SMEs (N=93). As table 8 shows the mean of most ‘strategy element’ items is above 4 - except ‘the long term-goals are formulated SMART’ – which indicates that most respondents agree with the basic element statements regarding their strategy process. In comparison, the strategy generation results are significant lower. More respondents answered a 3 (neutral). The section strategy execution scored overall at the borderline of 4 which indicate that respondents agree.

	Statement	All (N=166)		SMEs (N=93)	
		Mean	SD	Mean	SD
Strategy elements	The company has a clear written mission statement	4,64	,623	4,62	,658
	All management and higher-level staff are aware of the mission statement.	4,51	,694	4,49	,746
	All management and higher-level staff do understand the mission statement.	4,39	,686	4,42	,697
	The company has written longer-term (3-5 years) goals.	4,24	,942	4,22	,954
	The long-term goals are formulated SMART (specific, measurable, achievable, realistic & timely).	3,49	,989	3,57	,949
	The company has written short-term (1 year) goals.	4,37	,826	4,33	,889
	The short-term goals are formulated SMART (specific, measurable, achievable, realistic & timely).	4,05	1,005	4,11	,938
	The goals appear realistic yet challenging, based upon experience and/or research.	4,10	,833	4,15	,736
Strategy generation	Management and higher-level staff whose responsibilities are affected participate in setting goals.	4,45	,775	4,53	,746
	The company uses an internal analysis to formulate the strategy.	3,97	,842	3,98	,821
	The company uses an external analysis to formulate the strategy.	3,69	1,116	3,57	1,136
	The company reviews the mission and goals in light of the apparent strength, weaknesses, opportunities and threats.	3,75	1,024	3,78	1,072
	The company analyses business performance options. (for example. cost reduction, alternative suppliers, production improvements etc)	4,12	,837	4,03	,865
	The company analyses market penetrations options, (for example pricing/promotion, market expansion, segmentation)	3,89	,969	3,80	1,006
	The company analyses organization and management options. (e.g., restructuring, purchasing competitive businesses)	3,78	,956	3,71	,973
	The company analyses product/service enhancement options.	4,10	,864	4,11	,878
	The strategy process is based on criteria by which options can be compared and selected.	3,58	,929	3,53	,939
	The company decides its strategy based on feasibility.	3,93	,857	3,96	,859
Strategy execution	The company decides its strategy based on risk/return criteria	3,71	,908	3,68	,911
	The company makes strategic decisions based upon a strategic plan.	4,07	,787	4,05	,757
	The company clearly assigns lead responsibility for implementation to a person or a team.	4,13	,615	4,13	,663
	There are sufficient resources made achievable for execution.	3,93	,772	4,03	,840
	The company reviews monitoring data regularly and if needed they revise strategic decisions.	4,01	,713	4,05	,697
	The company systematically measures actual performance versus goals.	3,92	,747	4,00	,722

Individual employees responsible for strategic planning and execution are rewarded for successful performance.	3,65	,953	3,57	1,036
Teams responsible for strategic planning and execution are rewarded for successful performance.	3,52	1,007	3,42	1,116

Table 9: Descriptive statistics: strategy items

The current focus of this study is specifically the effectiveness of both strategy generation and strategy execution. Therefore, it is interesting to visualize both scores for the Dutch leaders in the same way as Lainwand et al. (2015) did for American leaders. Recapitalizing, these researchers found that only 16% of top leaders rated very effective at either strategy generation or execution and only 8% were very effective at both strategy generation and execution. In this study, 27,7% of business leaders rated very effective at either strategy generation or strategy execution and only 6% were very effective at both strategy generation and execution (figure 6). In total (45,2%) of the business leaders rated the company as effective.

Specifically looking at SMEs, quite similar results are observed; 32.3 % of business leaders at SMEs rated very effective at either strategy generation or strategy execution and only 5,4% were very effective at both strategy generation and execution (figure 7).

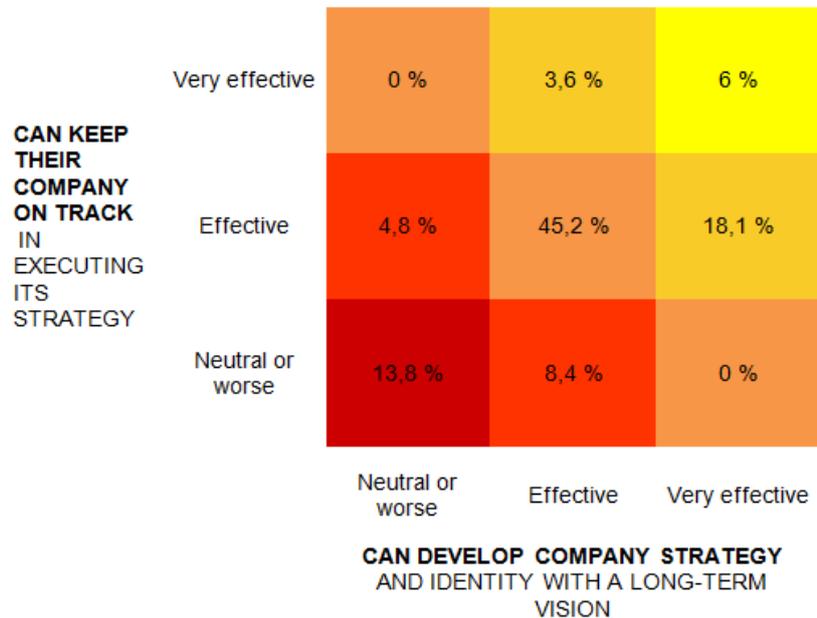


Figure 6: Effectiveness strategy generation versus strategy execution (N=166)

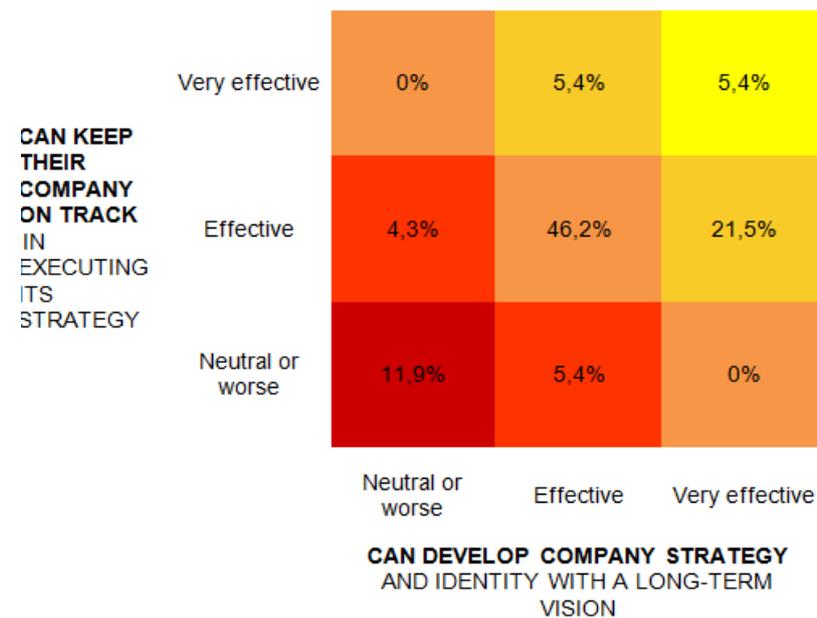


Figure 7: SME's effectiveness of strategy generation versus strategy execution

4.1.3. Strategy Peer Assessment

The strategy section of the questionnaire ended by examining the respondent’s experiences regarding their peer competitors. This question is based on a 5-point Likert-scale (well below average – well above average). Table 10 shows the main descriptive statistics regarding peer companies. Strategy generation is rated on average as 4 (above average). On the other hand, strategy execution and financial performance both scored a bit lower (3,77 and 3,88) which indicates a score between 3 (average) and 4 (above average).

Question: Compared with other peer companies, how would you rank your company?	All (N=166)		SMEs (N=93)	
	Mean	SD	Mean	SD
Strategy generation	4,01	1,186	4,04	1,206
Strategy execution	3,77	1,061	3,76	1,097
Financial performance	3,88	1,100	4,06	1,159

Table 10: Descriptive statistics: Comparison with competitors

The bar chart which is figure 8 visualizes the results regarding peer companies based on N=166. Most leaders (42,8%) answered that their company scored ‘well above average’ regarding strategy generation in comparison with their peer competitors. The scores regarding strategy execution are more balanced; 28,9% of the leaders answered ‘average’, 33,7% of the leaders answered ‘somewhat above average’ and 25,3% of the leaders answered ‘well above average’. To conclude, most leaders (34,3%) think that their company has a better financial performance than peer competitors. However, the detailed financial results of those companies are not available.

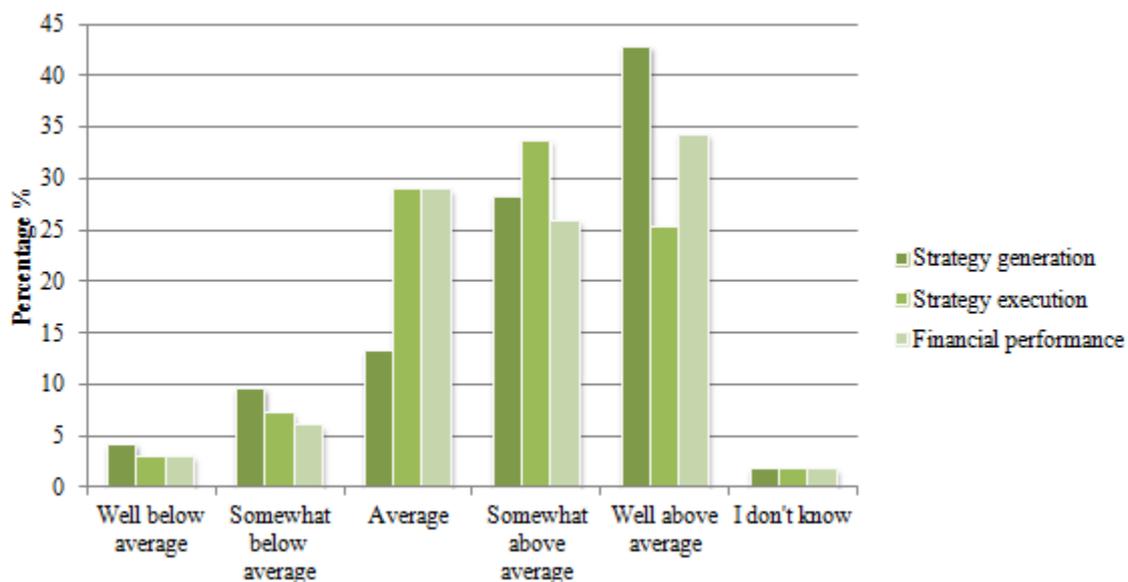


Figure 8: Comparison with competitors (N=166)

Figure 9 visualizes the results regarding peer companies based on SMEs only (N=93). Again most leaders (47,3%) answered that their company scored ‘well above average’ regarding strategy generation in comparison with their peer competitors. The scores regarding strategy execution are more balanced; 28,0% of the leaders answered ‘average’, 34,4% of the leaders

answered 'somewhat above average' and 26,9% of the leaders answered 'well above average'. To conclude, most leaders (45,2%) think that their company has a better financial performance than peer competitors. However, the detailed financial results of those companies are not available.

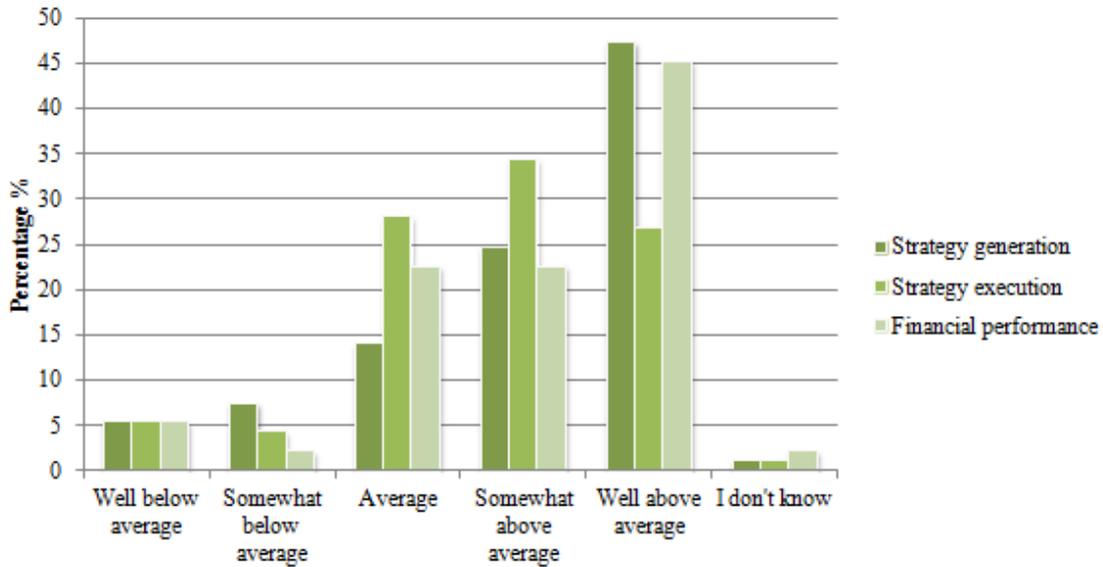


Figure 9: Comparison with competitors (N=93)

4.2. CORRELATION ANALYSIS

The collected data are further analyzed using the correlation test, since the nature of this study is exploratory. A correlation table is conducted in order to check for multicollinearity and to check the coherency between the effectiveness of strategy generation and execution and the independent variables. The correlation test computes correlation coefficients and measures how variables are related. Spearman rho correlation coefficients were used to identify the relationships between variables, since the variables are expressed as a rank or ordinal data. A correlation coefficient range from 0.10-0.29 is considered weak, from 0.30-0.49 is considered medium and from 0.50-1.0 is considered strong. The p-value indicated the probability of the relationship's significance.

As depicted in table 11, there are weak positive correlations between leadership styles and the different aspects of strategy. The results are based on N=166. The directive leadership style is most positively related to the first part of the strategy questionnaire: strategy elements ($r = .177$; $P < 0.05$). Furthermore, the supportive leadership style shows positive correlations with all strategy parts, but the correlations are weak and not significant. The participative leadership style shows a negative relation with strategy execution ($r = -.019$; $P > 0.05$). On the other hand, the participative leader correlates most positive with the basic strategy elements ($r = .139$; $P > 0.05$). The achievement-oriented leadership style correlates significant positive with strategy execution ($r = .230$; $P < 0.05$) and with the peer assessment questions ($r = .207$; $P < 0.05$).

		Directive	Supportive	Participative	Achievement-oriented	Strategy elements	Strategy generation	Strategy execution	Strategy effectiveness	Peer assessment	Gender	Firm size
Directive	Correlation coefficient	1,000										
Supportive	Correlation coefficient	,253**	1,000									
	Sig. (2-tailed)	,001	.									
Participative	Correlation coefficient	,181*	,261**	1,000								
	Sig. (2-tailed)	,019	,001									
Achievement-oriented	Correlation coefficient	,337**	,184*	,158*	1,000							
	Sig. (2-tailed)	,000	,017	,042	.							
Strategy elements (item 1-9)	Correlation coefficient	,177*	,075	,139	,122	1,000						
	Sig. (2-tailed)	,023	,336	,074	,118	.						
Strategy generation (item 10-19)	Correlation coefficient	,140	,123	,101	,146	,577**	1,000					
	Sig. (2-tailed)	,072	,113	,197	,060	,000	.					
Strategy execution (item 20-26)	Correlation coefficient	,148	,083	-,019	,230**	,549**	,551**	1,000				
	Sig. (2-tailed)	,057	,290	,804	,003	,000	,000	.				
Strategy effectiveness (item 27-28)	Correlation coefficient	,133	,081	,065	,113	,405**	,402**	,413**	1,000			
	Sig. (2-tailed)	,087	,301	,408	,146	,000	,000	,000	.			
Peer assessment (item 29)	Correlation coefficient	,071	,142	,120	,207**	,387**	,382**	,393**	,487**	1,000		
	Sig. (2-tailed)	,361	,068	,125	,007	,000	,000	,000	,000	.		
Gender	Correlation coefficient	,127	,051	,100	,057	,173*	,062	,068	-,059	,009	1,000	
	Sig. (2-tailed)	,103	,511	,198	,464	,026	,429	,383	,449	,905	.	

Firm size	Correlation coefficient	-,112	-,084	,114	,044	-,025	,095	-,068	-	-	,102	1,000
	Sig. (2-tailed)	,149	,279	,142	,577	,754	,223	,387	,262**	,203**	,190	.

Table 11: Correlation analysis N=166 (1)

Table 12 shows the specific results of the effectiveness of strategy generation and execution in relation to the different leadership styles. The directive leaders show a positive relation with the effectiveness of strategy generation ($r=.065$; $P>0.05$). Also the effectiveness of strategy execution correlates positive with a directive leadership style, but is not significant ($r=.140$; $P>0.05$). The supportive leader correlates a bit higher than the directive leader on the effectiveness of strategy generation ($r=.087$; $P>0.05$). Results show that the supportive leader positive correlates with the effectiveness of strategy execution ($r=-.065$; $P>0.05$). The participative leadership style shows the lowest correlation with the effectiveness of strategy generation ($r=.007$; $P>0.05$). Furthermore, this style of leadership shows a positive relation with the effectiveness of strategy execution ($r=.125$; $P>0.05$). The achievement-oriented leadership style correlates positive with the effectiveness of strategy generation ($r=.060$; $P>0.05$). The effectiveness of strategy execution shows a positive significant correlation with the achievement-oriented style ($r=.175$; $P<0.05$). Overall, the results show weak positive correlations and most of them are not significant.

		Directive	Supportive	Participative	Achievement-oriented	Strategy elements	Strategy generation
Directive	Correlation coefficient	1,000					
Supportive	Correlation coefficient	,253**	1,000				
	Sig. (2-tailed)	,001	.				
Participative	Correlation coefficient	,181*	,261**	1,000			
	Sig. (2-tailed)	,019	,001	.			
Achievement-oriented	Correlation coefficient	,337**	,184*	,158*	1,000		
	Sig. (2-tailed)	,000	,017	,042	.		
Effectiveness of strategy generation	Correlation coefficient	,065	,087	,007	,060	1,000	
	Sig. (2-tailed)	,406	,267	,932	,440	.	
Effectiveness of strategy execution	Correlation coefficient	,140	,065	,125	,175*	,543**	1,000
	Sig. (2-tailed)	,072	,404	,108	,024	,000	.

Table 12: Correlation analysis N=166 (2)

Table 13 looks especially at the situation of Dutch the SMEs. The results are based on N=93. Again, the directive leadership style is most positive related to the first part of the strategy questionnaire: strategy elements ($r=.137$; $P>0.05$). Furthermore, supportive leadership style shows a negative correlation with the strategy execution part ($r=-.004$; $P>0.05$). Other findings suggest that the supportive leadership style has positive correlations with each section. The participative leadership style shows a negative relation with strategy execution ($r=-.023$; $P>0.05$). On the other hand, the participative leader correlates most positive with the basic strategy elements ($r=0.184$; $P>0.05$). The achievement-oriented leadership style correlates positive with strategy effectiveness ($r=.192$; $P>0.05$) and with the peer assessment questions ($r=.190$; $P>0.05$). Overall, the results show weak positive correlations and most of them are not significant.

		Directive	Supportive	Participative	Achievement-oriented	Strategy elements	Strategy generation	Strategy execution	Strategy effectiveness	Peer assessment	Gender
Directive	Correlation coefficient	1,000									
Supportive	Correlation coefficient	,264*	1,000								
	Sig. (2-tailed)	,011	.								
Participative	Correlation coefficient	,252*	,381**	1,000							
	Sig. (2-tailed)	,015	,000	.							
Achievement-oriented	Correlation coefficient	,370**	,186	,187	1,000						
	Sig. (2-tailed)	,000	,074	,073	.						
Strategy elements (item 1-9)	Correlation coefficient	,137	,052	,184	,183	1,000					
	Sig. (2-tailed)	,191	,622	,077	,079	.					
Strategy generation (item 10-19)	Correlation coefficient	,122	,134	,153	,074	,580**	1,000				
	Sig. (2-tailed)	,245	,200	,143	,478	,000	.				
Strategy execution (item 20-26)	Correlation coefficient	-,025	-,004	-,023	,160	,612**	,603**	1,000			
	Sig. (2-tailed)	,815	,972	,825	,125	,000	,000	.			
Strategy effectiveness (item 27-28)	Correlation coefficient	,087	,108	,069	,192	,355**	,383**	,414**	1,000		
	Sig. (2-tailed)	,406	,303	,509	,065	,000	,000	,000	.		
Peer assessment (item 29)	Correlation coefficient	-,074	,082	,114	,190	,412**	,432**	,418**	,513**	1,000	
	Sig. (2-tailed)	,482	,436	,278	,068	,000	,000	,000	,000	.	
Gender	Correlation coefficient	,109	-,172	,027	,014	,279**	,015	,052	,028	-,051	1,000
	Sig. (2-tailed)	,300	,099	,799	,894	,007	,888	,619	,792	,629	.

Table 13: Correlation analysis N=93(1)

Table 14 shows the specific results regarding the effectiveness of strategy generation and execution in relation with the different leadership styles leadership styles of Dutch SMEs. The directive leaders show a positive relation with the effectiveness of strategy generation ($r=.017$; $P>0.05$). Also the effectiveness of strategy execution correlates positive with a directive leadership style, but is not significant ($r=.090$; $P>0.05$). The supportive leader correlates a bit higher than the directive leader on the effectiveness of strategy generation ($r=.077$; $P>0.05$). Results show that the supportive leader positive correlates with the effectiveness of strategy execution ($r=-.121$; $P>0.05$). The participative leadership style shows a negative correlation with the effectiveness of strategy generation ($r=-.039$; $P>0.05$). Furthermore, this style of leadership shows a positive significant relation with the effectiveness of strategy execution ($r=.213$; $P<0.05$). Finally, the achievement-oriented leadership style correlates positive with the effectiveness of strategy generation ($r=.113$; $P>0.05$). The effectiveness of strategy execution shows a positive significant correlation with the achievement-oriented style ($r=.281$; $P<0.05$). Overall, the results show weak positive correlations and most of them are not significant.

		Directive	Supportive	Participative	Achievement-oriented	Strategy elements	Strategy generation
Directive	Correlation coefficient	1,000					
Supportive	Correlation coefficient	,264*	1,000				
	Sig. (2-tailed)	,011	.				
Participative	Correlation coefficient	,252*	,381**	1,000			
	Sig. (2-tailed)	,015	,000	.			
Achievement-oriented	Correlation coefficient	,370**	,186	,187	1,000		
	Sig. (2-tailed)	,000	,074	,073	.		
Effectiveness of strategy generation	Correlation coefficient	,017	,077	-,039	,113	1,000	
	Sig. (2-tailed)	,871	,461	,708	,281	.	
Effectiveness of strategy execution	Correlation coefficient	,090	,121	,213*	,281**	,530**	1,000
	Sig. (2-tailed)	,389	,248	,040	,006	,000	.

Table 14: Correlation analysis N=93 (2)

4.3. REGRESSION ANALYSIS

Multiple regression was executed to determine how well leadership styles predict the effectiveness of strategy generation and execution. The four leadership styles were entered in block one as independent variables. These variables are scale variables. The effectiveness of strategy generation and execution were entered in the dependent box. These variables are coded as: (1) very ineffective, (2) ineffective, (3) neither effective nor ineffective, (4) effective, (5) very effective. The focus is on SMEs, since the main research question is : ‘What effect does the style of leadership have on the effectiveness of strategy generation and execution process at Dutch SMEs?’. Appendix 5 includes the multiple regression analysis results of N=166. Gender is included as control variable.

4.3.1. Effectiveness of strategy generation process

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,142 ^a	,020	-,036	,881

Predictors: (Constant), Gender, Achievement, Supportive, Participative, Directive

Table 15: Model summary regression analysis strategy generation (N=93)

Regarding the above model summary, R square value is 0.020. R square states to what extent leadership styles determine the effectiveness of strategy generation. Here there is a weak relationship between leadership styles and the effectiveness of strategy generation. The model summary indicates that only 2% is explained by the variation in the score of the leadership styles and the remaining is unexplained.

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2,797	1,132		2,471	,015
Directive	-,005	,028	-,021	-,170	,866
Supportive	,011	,032	,042	,360	,720
Participative	,005	,031	,021	,176	,861
Achievement	,030	,029	,124	1,055	,294
Gender	,116	,281	,045	,414	,680

Dependent variable: Effectiveness of strategy generation

Table 16: Regression analysis coefficients for strategy generation
(N=93)

Table 16 shows the results of the multiple regression analysis with leadership styles as independent variables and effectiveness of strategy generation as dependent variable. Results of the model show the direct effect of each leadership style on the effectiveness of strategy generation. The directive leadership style shows a negative coefficient (-.005) on the effectiveness of strategy generation. However, this effect is not significant (.866) thus the first formulated hypothesis ‘‘ *H1a: A directive leadership style has a positive perceived effect on the effectiveness of the strategy generation process* ’’ could not be accepted.

Beforehand, a negative effect was expected on the effectiveness of strategy generation regarding a supportive leadership style. Due to the fact that supportive leaders are very concerned about the well-being of their employees which could probably lose sight of the strategic interest objectives of the company. However, the supportive leadership style shows a weak positive relationship (.011) on the effectiveness of strategy generation. Compared to the directive leadership style the impact of the supportive leadership style is higher. However, the effect is not significant (.720), thus hypothesis ‘‘ *H2a: A supportive leadership style has a negative perceived effect on the effectiveness of the strategy generation process* ’’ could not be accepted.

Third, the participative leadership style is positive (.005) related to the effectiveness of strategy generation. This type of leader retain final decision authority, but also takes on consultative behaviors such as soliciting subordinates for suggestions prior to making a final decision. Hence, the significance level (.861) indicated that hypothesis ‘‘ *H3a: A participative leadership style has a positive perceived effect on the effectiveness of the strategy generation process* ’’ could not be accepted.

Lastly, the achievement-oriented leadership style shows a positive (.116) relationship with the effectiveness of strategy generation. An achievement-oriented leader sets challenging goals for subordinates. The fourth formulated hypothesis ‘‘ *H4a: An achievement-oriented leadership style has a positive perceived effect on the effectiveness of the strategy generation process* ’’ could also not be accepted, because the effect is also not significant (.680).

4.3.2. Effectiveness of strategy execution process

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,226a	,051	-,003	,752

Predictors: (Constant), Gender, Achievement, Supportive, Participative, Directive

Table 17: Model summary regression analysis strategy execution (N=93)

Regarding the above model summary, R square value is 0.051. R square states to what extent leadership styles determine the effectiveness of strategy execution. There is a weak relationship between leadership styles and the effectiveness of strategy generation. The model summary indicates that only 5,1% is explained by the variation in the score of the leadership styles and the remaining is unexplained.

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2,276	,966		2,356	,021
Directive	-,019	,024	-,095	-,797	,427
Supportive	,009	,027	,037	,320	,750
Participative	,028	,027	,125	1,065	,290
Achievement	,036	,025	,170	1,473	,144
Gender	,139	,240	,062	,580	,563

Dependent variable: Effectiveness of strategy execution

Table 18: Regression analysis coefficients for strategy execution (N=93)

Table 18 shows the results of the multiple regression analysis with leadership styles as independent variables and effectiveness of strategy execution as dependent variable. Results of the model show the direct effect of each leadership style on the effectiveness of strategy execution. Regarding the effectiveness of strategy execution, the directive leadership style shows a small negative relationship (-.019). Beforehand, a negative relationship between the directive leadership style and strategy execution was assumed, because subordinates are becoming more independent, competent and knowledgeable. However, the directive leadership style may be perceived as aggressive, controlling, descriptive and structured which may conflict with the 'new' generation of workers. The following hypothesis was formulated '*H1b: A directive leadership style has a negative perceived effect on the effectiveness of the strategy execution process*'. However, the effect is negative it is not significant (.427) thus the first formulated hypothesis could not be accepted.

The supportive leadership style shows a small positive coefficient (.009) on the effectiveness of strategy execution. Compared to the directive leadership style the impact of the supportive leadership style on effectiveness of strategy execution is higher. The supportive leadership style has a significance level of (.750) which indicates that this effect is also not significant, thus hypothesis '*H2b: A supportive leadership style has a positive perceived effect on the effectiveness of the strategy execution process*' could not be accepted.

Third, the participative leadership style is positive (.028) related to the effectiveness of strategy execution. This type of leader shares responsibilities with employees by involving them in the planning, decision-making, and execution. Hence, the significance level (.290) indicated that hypothesis “*H3b A participative leadership style has a positive perceived effect on the effectiveness of the strategy execution process*” could not be accepted.

The achievement-oriented leadership style shows the highest positive correlation (.036). The achievement-oriented leader sets challenging goals for subordinates. By setting challenging goals for subordinates, they feel that their leader has confidence in them. A positive perceived effect was assumed: ‘*H4b: An achievement-oriented leadership style has a positive perceived effect on the effectiveness of the strategy execution process*’. However, this hypothesis could also not be accepted, because this effect is not significant (.144).

Chapter 5: Discussion and conclusions

This chapter addresses the contribution made to the strategy literature and leadership literature in general. Furthermore, the limitations of this study are outlined and future research recommendations are given.

5.1. MAIN FINDINGS

The main research goal of this study was to create a clear understanding of the relationship between different styles of leadership and the effectiveness of strategy. The research question is: “*What effect does the style of leadership have on the effectiveness of strategy generation and execution process at Dutch SMEs?*” This question was answered by a quantitative methodology conducting a online mail questionnaire.

The first sub-question analysed the characteristics of an effective strategic generation and execution process. The focus of strategy generation is the planning for the long-term survival of organizations. In order to create sustainable advantage processes, actions and routines within an organization has to be clear. The characteristics of the strategy generation process consist of an organization’s mission, goals, objectives and selecting an appropriate strategy. On the other hand, the focus of strategy execution is on positioning and managing organizational and environmental forces during the strategic roll-out in order to ensure operational efficiency. An effective strategy execution process is widely identified as the outcome of the cooperation and coordination produced by consensus between leaders and subordinates. A challenge of an effective strategy execution process is to apply a suitable leadership style which contributes to competitive advantage of a company. Measuring progress in the strategy execution phase turns out to be very important because it gives insights in the actual performance versus goals. The right people, processes, information and technology capabilities are important aspects for the success of both strategy generation and execution.

The second sub-question analysed the characteristics of leadership. In this study, leadership is seen as a dynamic energetic process which provides direction, guidance and influence subordinates. Leadership is all about influencing a group of other people in order to achieve organizational outcomes. The effectiveness of leadership in influencing and directing others is seen in improved outputs. After a literature review, all the different leadership theories developed over the past years were analysed. The path-goal theory of House (1974) is chosen as most appropriate measurement instrument for this study. The path-goal theory identified four leadership styles: directive, supportive, participative and achievement-oriented. In this study, each respondents has a dominant style of leadership which are 38 directive, 53 supportive, 66 participative and 9 achievement-oriented leaders. Whereof, 24 directive, 28 supportive, 35 participative and 6 achievement oriented leaders are currently working at a Dutch SME.

The last sub-question analysed leaders with different leadership styles regarding the effectiveness of strategy generation and execution. Figure 10 shows the effectiveness of both strategy generation and strategy execution at Dutch SMEs. The SMEs contribute in providing job opportunities and act as supplier of goods and services to larger organizations. SMEs have simple systems and procedures, which also allows flexibility, immediate feedback, short

decision-making chain, better understanding and quicker response to customer needs than larger organizations. In total 93 leaders of SMEs completed the questionnaire. Based on figure 10 it can be concluded that only 5,4% of the SME leaders are very effective at both strategy generation and execution. However, 46,2 % of the SME leaders rated themselves as effective at both strategy generation and execution.

CAN KEEP THEIR COMPANY ON TRACK IN EXECUTING ITS STRATEGY

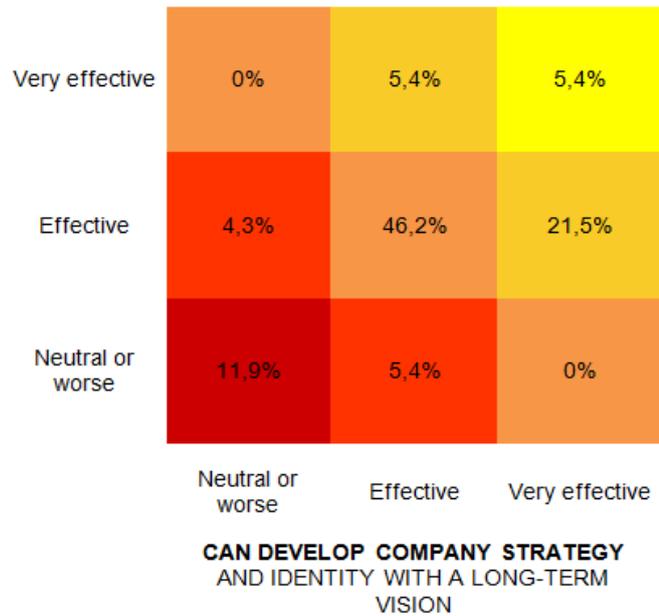


Figure 10: SMEs effectiveness strategy generation versus strategy execution (N=93)

A multiple regression is performed to investigate whether each specific style of leadership has a significant impact on the effectiveness of both strategy generation and effectiveness. The directive leadership style shows a negative coefficient (-.005) on the effectiveness of strategy generation and a negative coefficient (-.019) on the effectiveness of strategy execution. Based on the literature a negative relationship was assumed regarding strategy execution. Contrary, the directive leadership style has both for the effectiveness of strategy generation and the effectiveness of strategy execution the only negative coefficients compared to the other three leadership styles. However both effects not significant ($P > 0,05$), meaning that the data prove the treatment had no effect. Regarding a supportive leadership style, a negative effect was assumed on the effectiveness of strategy generation. Supportive leaders are well known as ‘human concerned’. However, the data show that both the coefficients regarding the effectiveness of strategy generation (.011) and strategy execution (.009) are positive related to a supportive leadership style. However, both coefficients are not significant ($P > 0,05$), meaning that the data prove the treatment had no significant effect. The biggest group within the sample are the participative leaders (N=35). The participative leadership style shows a positive coefficient (.005) on the effectiveness of strategy generation and a positive coefficient (.028) on the effectiveness of strategy execution. However, both coefficients are not significant ($P > 0,05$), meaning the data prove the treatment had no effect. Lastly, the achievement-oriented leadership style refers to the highest positive coefficients. The achievement-oriented leadership style shows a positive coefficient (.030) on the effectiveness of strategy generation and a positive coefficient (.036) on the effectiveness of strategy execution. However, both coefficients are not significant ($P > 0,05$), meaning the data prove the treatment had no significant effect. Concluding, there are positive and negative coefficients observed regarding the four different leadership styles and effectiveness of strategy generation and execution. Although, the data are not significant which means that the data prove the leadership style had no significant effect on the effectiveness of both strategy generation and execution.

5.2. THEORETICAL AND PRACTICAL IMPLICATIONS

This study has a number of implications which are either derived from a review of the literature or from the findings of the empirical study. The objective of this research was to investigate the perceived role of leadership regarding the strategy generation and execution processes at Dutch small and medium sized enterprises (SME). Secondary objectives are to gain an understanding of the nature and challenges of both strategic leadership and the strategy generation and execution process. Results show that none of the four leadership styles has a significant influence on the effectiveness of both strategy generation and execution. However, the coefficients indicate a negative relationship between a directive leader and the effectiveness of the strategy process. Directive leaders were seen as aggressive, controlling and structured. The other three leadership styles indicate a weak positive relationship with the effectiveness of strategy generation and execution.

Secondly, the effectiveness diagram with the two axes (strategy generation and strategy execution) indicates that only 5,4% of the leaders working at a Dutch SMEs rated themselves as 'very effective'. Those insights could increase the general awareness of leaders at Dutch SMEs and they should aim to be 'very effective' at both strategy aspects. Furthermore, it provides consultancy firms the opportunity to respond to this 'gap'. The difference between 'very effective' and 'effective' lies in the fact that effective strategy generation will need fine-tuning before sustainable success can be achieved. On the other hand 'very effective' strategy generation do not need the fine-tuning; very effective strategy generation means adding value in a way the competitors can't which will lead to long-term success. Regarding strategy execution the difference between 'very effective' and 'effective' lies in the fact that 'very effective' strategy execution make sure that everything the company does is in line with the strategy and 'effective' strategy execution make sure that most of what the company does is in line with the strategy.

5.3. LIMITATIONS AND FURTHER RESEARCH

During this research process, different choices have been made in order to conduct this study. Unfortunately, these choices impose limitations because they exclude unexplored opportunities. This section discusses limitations of each minor choice that was made within this research. These limitations concern both the use of the literature and the use of empirical material. However, these limitations could be a great starting point for further research.

While, the objective was to conduct a thorough cross-disciplinary literature review it is possible that applicable literature is excluded. The first part of the literature review focuses on strategy aspects and the second part focuses on leadership aspects. Although the focus of various similar studies is different, similar characteristics of leadership and strategy appeared across all of them. Therefore, it is believed that the possible excluded literature is not problematic for this study.

As well, the data collection method for the exploratory study has faced limitations. A first limitation relates to the appropriateness of the development. In this study, the path-goal leadership questionnaire of Indvik (1985;1988) is used. The overall Cronbach's alpha for the leadership part has a value of 0.704 which is satisfactory. However, the individual scores are a bit lower which indicates a weak internal consistency. The main reason for choosing this

instrument is the fact that it limits the length of the questionnaire because of the time respondents were willing to spend on it. The path-goal questionnaire of Indvik (1985;1988) contains of 20-items which are clear and to the point. Furthermore, meta-analysis of other researchers indicates acceptable internal consistencies. However, for further research it is recommended to use another leadership questionnaire instrument or use a 5- point Likert Scale instead of a 7 point Likert Scale. Some researchers suggest that a 5-point Likert Scale had better data quality in terms of missing data, end effects at the item and scale level, as well as higher levels of internal consistency. Another limitation relates to the development of the questionnaire regarding the strategy part. Since, there was no existing instrument found that measures the effectiveness of the strategy generation and execution process. Pre-testing procedures are used and the reliability and validity tests are convincing enough. Furthermore, the measuring of the constructs could be more operationalized and optimized. For instance, including a question about the function of the respondent (CEO, CFO or team leader) and the years of experience. These two variables give more specific background information of the respondents which could positively contribute to the outcomes of the research.

Furthermore, the data collection of this exploratory research was not without limitations. A limitation is the generalizability of the study. In particular, the selection of sample from one database formed a potential source of bias. In this study mainly the leaders of the customer database of IJsselvliet Consultancy are included in the research. However, these leaders are currently working at different kind of industries – e.g. banking, insurance, healthcare, education, construction, automotive, industry, transport, logistics and public sector. Furthermore, an article with the link to the questionnaire is published at LinkedIn and some people in personal network participate in the study. However, the results are not directly generalizable to a greater population. For future research it is recommended to include more than one database which could decrease possible sample bias. Also the self-selection of respondents within firms might have introduced bias, for example, by only reaching the leaders of the firm. In accordance, the sample size is an important factor larger samples are more likely to minimize bias than smaller samples. The sample of this study consists of leaders who are currently in a current managerial position. In total 166 leaders completed the questionnaire whereof 93 leaders currently working at a Dutch SME. However, the output of the multiple regression is not significant. For future research it is recommended to include more leaders in order to get significant results.

Another limitation is especially related to the research design choice. A single-method research is conducted which limited data based on other views. The data was collected at one period of time. Results of this study show therefore only the perception of the leader at that particular moment. However, results could differ in periods of time, because certain developments and changes in private or work environments may not be incorporated. Furthermore, a questionnaire is always a self-reporting based assessment. The structure of the questions affects whether the reported information accurately measures the construct under consideration. For example, respondents often respond in such a way that presents them in a more favorable light, even if these responses do not reflect how they actually behave or think. Although the respondents have most knowledge about the measured constructs. For future research it is recommended to examine also the other side of the coin. For instance, through case studies or a questionnaire based views of subordinates instead of business leaders.

The findings and implications open several areas for future research that logically arise from the findings and limitations of this study. First of all, future research could shed more light on issues raised in this study. There are opportunities to go more in-depth into certain themes or topics that surfaced during this research, for instance the role of employees commitment in the effectiveness of strategy generation and execution. Due to the fact of globalization and a more knowledge intensive economy, it is interesting to investigate the effect of innovation on the effectiveness of strategy generation and execution. In order to improve the generalizability of the research, an opportunity would be to conduct comparable research using more than one customer database. Other interesting research opportunities include further exploration of the interaction between strategy generation and strategy execution. Because of the fact that some researchers argued that strategy generation and execution are not two distinct sets of activities which occur in a specific sequence.

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Appendices

Appendix 1: E-mail introduction

Geachte heer/mevrouw,

Ik ben Master studente Bedrijfskunde aan de Universiteit Twente.

In het kader van mijn afstudeeronderzoek probeer ik vast te stellen of de manier waarop leiding wordt gegeven het verschil kan maken voor het succes van de strategie.

Ik werk in dit kader samen met IJsselvliet strategie & realisatie uit Zwolle, een gerenommeerd advies- en onderzoeksbureau.

Voor het onderzoek is een vragenlijst opgesteld om data te verzamelen en daarmee het veronderstelde verband vast te stellen.

Door het invullen van de vragenlijst helpt u mij niet alleen de winter door, maar zorgt u er ook voor dat ik mijn onderzoek kan uitvoeren en daarna kan afstuderen.

Uiteraard ontvangt u te zijner tijd een samenvattend artikel. Bovendien, zal ik de uitkomsten van mijn onderzoek vertalen in praktische handvatten om leidinggeven en strategie doeltreffend te verbinden.

Wilt u meedoen, klik dan hier: <https://surveys-igs.utwente.nl/index.php?r=survey/index&sid=586813&lang=nl>

Alvast erg bedankt en wellicht tot ziens op het seminar waar ik de resultaten en conclusies zal presenteren.

Met vriendelijke groet,

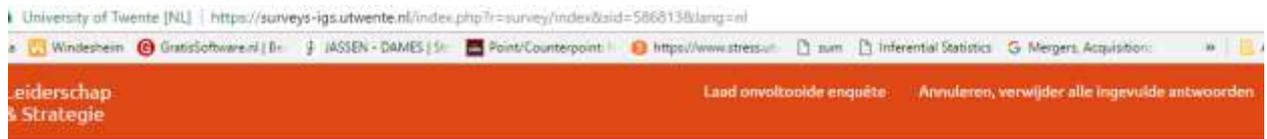
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Appendix 2: Questionnaire Dutch version



Leiderschap & Strategie



Voor elke vraag selecteer het antwoord dat het best past bij de organisatie waarbij u werkzaam bent. Als u het niet zeker weet, selecteer dan het best passende antwoord. Resultaten van de vragenlijst zullen **niet** zonder toestemming worden gepubliceerd en alle antwoorden zullen strikt vertrouwelijk worden behandeld. Deelname kan **anoniem**.

De vragenlijst bestaat uit drie delen. Het eerste deel bevat stellingen over uw stijl van leidinggeven. Het tweede deel gaat dieper in op de strategie prestatie van uw organisatie. Het derde deel gaat inhoudelijk in op de achtergrond van uw organisatie. Deelname aan de vragenlijst duurt ongeveer 10 minuten.

A. UW LEIDERSCHAPSTIJL (Indvik, 1988)

1. Heeft u een leidinggevende functie ja of nee?

- Ja
- Nee

Het eerste deel van deze vragenlijst bevat 20 vragen over uw stijl van leidinggeven. Hoe rangschikt u onderstaande stellingen op een schaal van 1 tot 7?

	Nooit	Zelden	Af en toe	Soms	Regelmatig	Vaak	Altijd	Ik weet het niet/ geen
Mate:	1	2	3	4	5	6	7	
1. Ik laat ondergeschikten weten wat er van hen wordt verwacht.	1	2	3	4	5	6	7	
2. Ik handhaaf een vriendschappelijke werkrelatie met ondergeschikten	1	2	3	4	5	6	7	
3. Ik overleg met ondergeschikten als ze worden geconfronteerd met een probleem.	1	2	3	4	5	6	7	
4. Ik luister ontvankelijk naar de ideeën en suggesties van ondergeschikten.	1	2	3	4	5	6	7	
5. Ik informeer ondergeschikten over wat moet gebeuren en hoe het moet gebeuren.	1	2	3	4	5	6	7	
6. Ik laat ondergeschikten weten dat ik verwacht van hen om op het hoogste niveau te presteren.	1	2	3	4	5	6	7	
7. Ik handel zonder overleg met mijn ondergeschikten.	1	2	3	4	5	6	7	

8. Ik doe kleine dingen om het aangenaam te maken een lid zijn van het team.	1	2	3	4	5	6	7	
9. Ik vraag de ondergeschikten om de standaard regels en voorschriften te volgen.	1	2	3	4	5	6	7	
10. Ik stel erg ambitieuze doelen voor de prestatie van ondergeschikten	1	2	3	4	5	6	7	
11. Ik zeg dingen die persoonlijke gevoelens van ondergeschikten kunnen kwetsen.	1	2	3	4	5	6	7	
12. Ik vraag om suggesties van ondergeschikten die betrekking hebben op de werkwijze van hun werktaken.	1	2	3	4	5	6	7	
13. Ik stimuleer continue verbeteringen in de prestaties van ondergeschikten.	1	2	3	4	5	6	7	
14. Ik licht het verwachtingsniveau van werkprestaties toe aan ondergeschikten.	1	2	3	4	5	6	7	
15. Ik help ondergeschikten bij het oplossen van hun problemen, die ze kunnen belemmeren in de uitvoering van hun werktaken.	1	2	3	4	5	6	7	
16. Als ik twijfels heb over de capaciteit van de ondergeschikte om te voldoen aan de meeste doelstellingen, dan laat ik dit merken.	1	2	3	4	5	6	7	
17. Ik vraag ondergeschikten om mee te denken over suggesties voor opdrachten/projecten die moeten worden voldaan.	1	2	3	4	5	6	7	
18. Ik geef een vage toelichting over wat ik van de ondergeschikte verwacht te bereiken.	1	2	3	4	5	6	7	
19. Ik stel continue uitdagende doelen voor ondergeschikten.	1	2	3	4	5	6	7	
20. Ik gedraag me op een wijze die attent is richting de persoonlijke behoeften van ondergeschikten.	1	2	3	4	5	6	7	

B. INTRODUCTIE VRAGEN OVER STRATEGIE PROCES (BASIS ELEMENTEN)

	Zeer mee oneens	Mee oneens	Neutraal	Mee eens	Zeer mee eens	Ik weet het niet / geen mening
Mate:	1	2	3	4	5	
1. Onze organisatie heeft een missie.	1	2	3	4	5	
2. Directie en het hoger management is zich bewust van de missie.	1	2	3	4	5	
3. Directie en hoger management begrijpen de missie.	1	2	3	4	5	
4. Onze organisatie heeft langere termijn	1	2	3	4	5	

doelstellingen (3-5 jaar).						
5. Deze langere termijn doelstellingen zijn SMART geformuleerd (specifiek, meetbaar, acceptabel, realistisch en tijdsgebonden).						
6. Onze organisatie heeft korte termijn doelstellingen (1 jaar).	1	2	3	4	5	
7. Deze korte termijn doelstellingen zijn SMART geformuleerd (specifiek, meetbaar, acceptabel, realistisch en tijdsgebonden).	1	2	3	4	5	
8. Gebaseerd op onderzoek of ervaring komen de doelstellingen realistisch maar uitdagend over.	1	2	3	4	5	
9. Management heeft invloed op het bepalen van de doelstellingen.	1	2	3	4	5	

C. STRATEGIE FORMULERING

	Ze er m ee o ne ens	M ee o ne ens	N eu tra al	M ee e ens	Z ee r m ee e ens	I k w ee t h et n ie t / g ee n m ee n i ng
Mate:	1	2	3	4	5	
10. Onze organisatie maakt gebruik van een interne analyse om de juiste strategie te formuleren.	1	2	3	4	5	
11. Onze organisatie maakt gebruik van een externe analyse om de juiste strategie te formuleren.						
12. Onze organisatie beoordeelt de missie en doelstellingen aan de hand van een SWOT (sterktes, zwaktes, kansen en bedreigingen) analyse.	1	2	3	4	5	
13. Onze organisatie analyseert opties die betrekking hebben op bedrijfsprestaties (bijvoorbeeld, kostenreductie en productieverbeteringen).	1	2	3	4	5	
14. Onze organisatie analyseert opties die invloed hebben op marktpenetratie (bijvoorbeeld, prijsstelling, marktsegmentatie en markttuitbreiding).	1	2	3	4	5	
15. Onze organisatie analyseert opties die invloed	1	2	3	4	5	

hebben op de organisatie en het management (bijvoorbeeld, herstructurering en de aankoop van concurrerende bedrijven).						
16. Onze organisatie analyseert opties die invloed hebben op producten en diensten portfolio.	1	2	3	4	5	
17. Het strategieproces is gebaseerd op maatstaven waarmee opties kunnen worden vergeleken en geselecteerd.	1	2	3	4	5	
18. Onze organisatie formuleert de strategie op basis van haalbaarheid.	1	2	3	4	5	
19. Onze organisatie formuleert de strategie aan de hand van risico en rendement criteria.	1	2	3	4	5	

D. STRATEGIE UITVOERING

	Zeet mee oneens	Mee oneens	Neutraal	Mee oneens	Zeet mee eens	Ik weet het niet / geen mening
Mate:	1	2	3	4	5	
20. Onze organisatie neemt strategische besluiten op basis van een strategisch plan.	1	2	3	4	5	
21. Onze organisatie wijst verantwoordelijkheden voor implementatie toe aan een individu of team.	1	2	3	4	5	
22. Voor de uitvoering van de strategie zijn voldoende middelen beschikbaar.	1	2	3	4	5	
23. Onze organisatie toetst regelmatig of strategische besluiten moeten worden herzien.	1	2	3	4	5	
24. Onze organisatie meet systematisch de werkelijke prestaties versus de doelstellingen.						
25. Medewerkers die verantwoordelijk zijn voor strategische planning en uitvoering worden beloond voor het behalen van de doelstellingen.	1	2	3	4	5	
26. Teams die verantwoordelijk zijn voor strategische planning en uitvoering worden beloond voor het behalen van de doelstellingen.	1	2	3	4	5	

E. STRATEGIE EFFECTIVITEIT

27. Hoe effectief is uw organisatie in de beantwoording van de fundamentele vragen over de strategie en de identiteit die bijdragen aan het succes op de langere termijn. Kies het antwoord dat volgens u het beste past bij uw organisatie.

- **Zeer effectief:** We hebben een strategie ontwikkeld die beschrijft wie we zijn en hoe we waarde toevoegen op een manier die onze concurrenten niet kunnen overtreffen. Ik geloof dat onze strategie zal leiden tot succes op de langere termijn.
- **Effectief:** We proberen de fundamentele vragen over strategie en identiteit te beantwoorden. Maar de antwoorden moeten nog worden fijn geslepen voordat we blijvend kunnen groeien realiseren.
- **Noch effectief noch ineffectief.**
- **Ineffectief:** Af en toe hebben we te maken met deze fundamentele vragen over strategie en identiteit, maar deze vragen zijn meestal meest gericht op de korte termijn. Ik niet dat we goed zijn gepositioneerd voor succes op langere termijn.
- **Zeer ineffectief:** We hebben niet te maken met deze fundamentele vragen over strategie en identiteit, omdat onze organisatie zich richt op korte termijn prestatieverbeteringen.
- **Ik weet het niet / niet van toepassing.**

28. Hoe effectief is uw organisatie in het uitvoeren van de strategie? Kies het antwoord dat volgens u het beste past bij uw organisatie.

- **Zeer effectief:** We zorgen ervoor dat alles wat onze organisatie doet in lijn is met onze strategie;
- **Effectief:** We zorgen ervoor dat het meeste wat onze organisatie doet in lijn is met onze strategie.
- **Noch effectief noch ineffectief.**
- **Ineffectief:** We voeren soms acties uit die niet in lijn zijn met onze strategie, waardoor we van onze koers raken.
- **Zeer ineffectief:** We voeren meestal acties uit die niet in lijn zijn met onze strategie, waardoor we van onze koers raken.
- **Ik weet het niet / niet van toepassing**

29. In vergelijking met uw concurrenten, hoe rangschikt u uw organisatie?

	Duidelijk beneden het gemiddelde	Iets beneden het gemiddelde	Gemiddeld	Iets boven het gemiddelde	Duidelijk boven het gemiddelde	Ik weet het niet/geen mening
Strategie formulering						
Strategie uitvoering						

Financiële prestaties						
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F. ALGEMENE INFORMATIE

Naam van de organisatie:

Bent u man of vrouw?

Hoeveel mensen werken er bij uw organisatie?

- 1-10 medewerkers
- 11-500 medewerkers
- Meer dan 500 medewerkers

Wilt u een samenvattend artikel ontvangen met de bevindingen van mijn onderzoek?

- Ja
- Nee

Zo ja: wat is uw email adres?

Wilt u het semiar bijwonen waarin ik de belangrijkste bevindingen zal gaan toelichten?

- Ja
- Nee

Zo ja, wat is uw email adres?

Appendix 3: Questionnaire English version

A. LEADERSHIP STYLE (Indvik, 1988)

1. Do you have a managerial position within a business organization?

- Yes
- No

This first part of the questionnaire contains 20 questions about different styles of path-goal leadership. Indicate how often each statement is true of your own behavior on a scale 1-7.

	Never	Hardly	Seldom	Occasional	Often	Usually	Always	Don't
Key:	1	2	3	4	5	6	7	
1. I let subordinates know what is expected of them.	1	2	3	4	5	6	7	
2. I maintain a friendly working relationship with subordinates.	1	2	3	4	5	6	7	
3. I consult with subordinates when facing a problem.	1	2	3	4	5	6	7	
4. I listen receptively to subordinates' ideas and suggestions.	1	2	3	4	5	6	7	
5. I inform subordinates about what needs to be done and how it needs to be done.	1	2	3	4	5	6	7	
6. I let subordinates know what I expect them to perform at their highest level.	1	2	3	4	5	6	7	
7. I act without consulting my subordinates.	1	2	3	4	5	6	7	
8. I do little things to make it pleasant to be a member of the group.	1	2	3	4	5	6	7	
9. I ask subordinates to follow standard rules and regulations.	1	2	3	4	5	6	7	
10. I set goals for subordinates' performance that are quite challenging	1	2	3	4	5	6	7	
11. I say things that hurt subordinates' personal feelings.	1	2	3	4	5	6	7	
12. I ask for suggestions from subordinates from subordinates	1	2	3	4	5	6	7	
13. I encourage continual improvement in subordinates' performance.	1	2	3	4	5	6	7	
14. I explain the level of performance that is expected of subordinates.	1	2	3	4	5	6	7	
15. I help subordinates overcome problems that stop them from carrying out their tasks.	1	2	3	4	5	6	7	
16. I show that I have doubts about subordinates' ability to meet most objectives.	1	2	3	4	5	6	7	
17. I ask subordinates for suggestions on what assignments should	1	2	3	4	5	6	7	

be made.								
18. I give vague explanations of what is expected of subordinates to attain.	1	2	3	4	5	6	7	
19. I consistently set challenging goals for subordinates to attain.	1	2	3	4	5	6	7	
20. I behave in a manner that is thoughtful of subordinates' personal needs.	1	2	3	4	5	6	7	

B. INTRODUCTION TO STRATEGY PROCESS (BASIC ELEMENTS)

	Strongly Disagree	Disagree	Undecided	Agree	Strongly agree	Don't know
Key:	1	2	3	4	5	
1. The company has a mission statement	1	2	3	4	5	
2. All management and higher-level staff are aware of the mission statement.	1	2	3	4	5	
3. All management and higher-level staff do understand the mission statement.	1	2	3	4	5	
4. The company has written longer-term (3-5 years) goals.	1	2	3	4	5	
5. The long-term goals are formulated SMART (specific, measurable, achievable, realistic & timely).	1	2	3	4	5	
6. The company has written short-term (1 year) goals.	1	2	3	4	5	
7. The short-term goals are formulated SMART (specific, measurable, achievable, realistic & timely).	1	2	3	4	5	
8. The goals appear realistic yet challenging, based upon experience and/or research.	1	2	3	4	5	
9. Management and higher-level staff whose responsibilities are affected participate in setting goals.	1	2	3	4	5	

C. STRATEGY GENERATION

	Strongly disagree	Disagree	Undecided	Agree	Strongly Agree	Don't know
Key:	1	2	3	4	5	
10. The company uses an internal analysis to	1	2	3	4	5	

formulate the strategy.						
11. The company uses an external analysis to formulate the strategy.	1	2	3	4	5	
12. The company reviews the mission and goals in light of the apparent strength, weaknesses, opportunities and threats.	1	2	3	4	5	
13. The company analyses business performance options. (for example. cost reduction, alternative suppliers, production improvements etc)	1	2	3	4	5	
14. The company analyses market penetrations options, (for example pricing/promotion, market expansion, segmentation)	1	2	3	4	5	
15. The company analyses organization and management options. (e.g., restructuring, purchasing competitive businesses)	1	2	3	4	5	
16. The company analyses product/service enhancement options.	1	2	3	4	5	
17. The strategy process is based on criteria by which options can be compared and selected.	1	2	3	4	5	
18. The company decides its strategy based on feasibility.	1	2	3	4	5	
19. The company decides its strategy based on risk/return criteria	1	2	3	4	5	

D. STRATEGY EXECUTION

	Strongly disagree	Disagree	Undecided	Agree	Strongly Agree	Don't know
Key:	1	2	3	4	5	
20. The company makes strategic decisions based upon a strategic plan.	1	2	3	4	5	
21. The company clearly assigns lead responsibility for implementation to a person or a team.	1	2	3	4	5	
22. There are sufficient resources made achievable for execution.	1	2	3	4	5	
23. The company reviews monitoring data regularly and if needed they revise strategic decisions.	1	2	3	4	5	
24. The company systematically measures actual performance versus goals.	1	2	3	4	5	

25. Individual employees responsible for strategic planning and execution are rewarded for successful performance.	1	2	3	4	5	
26. Teams responsible for strategic planning and execution are rewarded for successful performance.	1	2	3	4	5	

E. STRATEGY EFFECTIVENESS

27. How effective is your company in answering the fundamental questions about strategy and identity that will lead your company to long-term success? Choose the best answer that describes your view.

- **Very effective:** We have developed a strategy that defines who are and how we add value in a way that our competitors can't. I believe our strategy will lead us to long-term success.
- **Effective:** We try to answer those fundamental questions, but answers will need fine-tuning before we can achieve sustainable success.
- **Neither effective nor ineffective**
- **Ineffective:** We occasionally deal with those fundamental questions, but they are most focused on the short term. I don't think we are well positioned for long-term success.
- **Very ineffective:** We do not deal with those long-term fundamental questions because they are focused on short-term performance improvement
- **Don't know / not applicable**

28. How effective is your company at keeping the company on track in executing its strategy? Choose the best answer that describes your view.

- **Very effective:** We make sure everything the company does is in line with our strategy;
- **Effective:** We make sure that most of what the company does is in line with our strategy;
- **Neither effective nor ineffective.**
- **Ineffective:** We somewhat regularly perform actions that are not in line with our strategy and that take us of track.
- **Very ineffective:** We always perform actions that are not in line with our strategy and that take us of track.
- **Don't know / not applicable.**

29. Compared with other peer companies, how would you rank your company?

	Well above average	Well below average	Average	Somewhat above average	Somewhat below average	know / not applicabl
Strategy formulation						
Strategy execution						
Financial performance						

30. GENERAL INFORMATION (DEMOGRAPHICS)

Name of the company:

Are you male or female?

- Male
- Female

How many people work for your organization?

- 1-10 employees
- 11-500 employees
- More than 500 employees

Do you want to receive a summary with the highlights of my article?

- Yes
- No

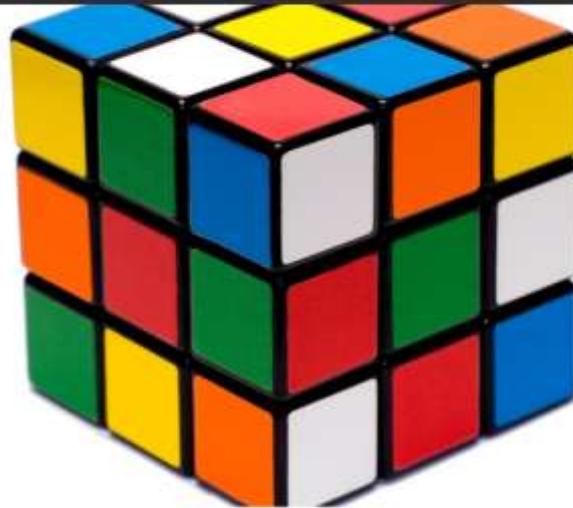
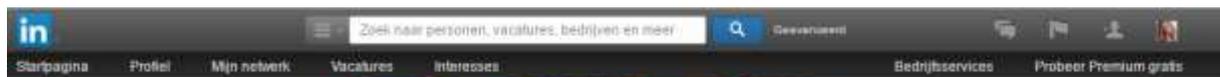
If yes, what's your email address?

Would you like to attend a seminar (organized in collaboration with IJsselvliet Consultancy) where I will present the main findings?

- Yes
- No

If yes, what's your e-mail address?

Appendix 4: Article LinkedIn



Strategie en realisatie. Beide goed doen is bijna onmogelijk, ook in Nederland?

Onderzoek in de VS laat zien dat organisaties het moeilijk vinden om én een goede strategie te formuleren én deze ook goed uit te voeren.

Zoals by Levinwand, Mainardi, and Kleiner (2015, HBR) stelden: *"Only 8% of Leaders Are Good at Both Strategy and Execution."*

Is dat ook zo als het om organisaties in Nederland gaat? En is de stijl van leidinggeven daarbij van belang?

Die twee vragen is Yvonne Nijkamp in het kader van haar afstuderen aan het onderzoeken. Yvonne studeert aan de Universiteit Twente. Jsselvliet ondersteunt haar onderzoek.

Om data te verzamelen heeft zij een vragenlijst opgesteld, mede gebaseerd op het onderzoek onder Amerikaanse organisaties.

U raadt het al, doet u mee om vast te stellen wat de stand van zaken in Nederland is?

Ga dan naar onderstaande link en vul de vragenlijst in.

Appendix 5: Regression analysis (N=166)

5.1. STRATEGY GENERATION (N=166)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,288 ^a	,083	,048	,824

Predictors: (Constant), Gender, Achievement, Supportive, Participative, Directive

Table 19: Model summary regression analysis strategy generation (N=166)

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3,335	,803		4,156	,000
Directive	,003	,019	,015	,173	,863
Supportive	,005	,022	,021	,254	,800
Participative	,018	,022	,070	,846	,399
Achievement	,025	,021	,099	1,176	,241
Gender	-,009	,163	-,004	-,056	,956
Firm size	-,333	,103	-,251	-3,223	,002

Dependent variable: Effectiveness of strategy generation

Table 20: Regression analysis coefficients for strategy generation (N=166)

5.2. STRATEGY EXECUTION (N=166)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,246 ^a	,061	,025	,747

Predictors: (Constant), Gender, Achievement, Supportive, Participative, Directive

Table 21: Model summary regression analysis strategy execution (N=166)

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2,592	,727		3,564	,000
Directive	,004	,017	,019	,215	,830
Supportive	-,005	,020	-,022	-,266	,791
Participative	,025	,020	,106	1,264	,208
Achievement	,037	,019	,165	1,939	,054
Gender	-,025	,148	-,013	-,170	,865
Firm size	-,148	,094	-,125	-1,581	,116

Dependent variable: Effectiveness of strategy execution

Table 22: Regression analysis coefficients for strategy execution (N=166)

Appendix 6: Correlation analysis per item

6.1 CORRELATION ANALYSIS – STRATEGY ITEMS 1-9 (N=166)

		Directive	Supportive	Participative	Achievement-oriented	Strategy Q1	Strategy Q2	Strategy Q3	Strategy Q4	Strategy Q5	Strategy Q6	Strategy Q7	Strategy Q8	Strategy Q9
Directive	Correlation coefficient	1,000												
Supportive	Correlation coefficient	,253**	1,000											
	Sig. (2-tailed)	,001	.											
Participative	Correlation coefficient	,181*	,261**	1,000										
	Sig. (2-tailed)	,019	,001	.										
Achievement-oriented	Correlation coefficient	,337**	,184*	,158*	1,000									
	Sig. (2-tailed)	,000	,017	,042	.									
Strategy Q1	Correlation coefficient	,015	-,013	,227**	,082	1,000								
	Sig. (2-tailed)	,852	,873	,003	,293	.								
Strategy Q2	Correlation coefficient	,050	,031	,198*	,083	,712**	1,000							
	Sig. (2-tailed)	,524	,695	,010	,287	,000	.							
Strategy Q3	Correlation coefficient	,136	,092	,110	,087	,515**	,762**	1,000						
	Sig. (2-tailed)	,081	,238	,160	,263	,000	,000	.						
Strategy Q4	Correlation coefficient	,094	,027	,127	-,002	,492**	,492**	,467**	1,000					
	Sig. (2-tailed)	,231	,731	,104	,983	,000	,000	,000	.					
Strategy Q5	Correlation coefficient	,200**	,088	,043	,073	,367**	,485**	,441**	,529**	1,000				
	Sig. (2-tailed)	,010	,257	,581	,352	,000	,000	,000	,000	.				
Strategy Q6	Correlation coefficient	,123	-,103	,056	,133	,251**	,331**	,409**	,303**	,389**	1,000			
	Sig. (2-tailed)	,115	,189	,473	,087	,001	,000	,000	,000	,000	.			

	tailed)													
Strategy Q7	Correlation coefficient	,068	,065	-,004	,092	,226**	,239**	,312**	,229**	,503**	,584**	1,000		
	Sig. (2-tailed)	,382	,403	,964	,238	,003	,002	,000	,003	,000	,000	.		
Strategy Q8	Correlation coefficient	,127	,076	,034	,261**	,264**	,363**	,430**	,234**	,387**	,351**	,495**	1,000	
	Sig. (2-tailed)	,103	,330	,665	,001	,001	,000	,000	,002	,000	,000	,000	.	
Strategy Q9	Correlation coefficient	,026	,090	,114	,026	,208**	,231**	,315**	,302**	,107	,160*	,100	,243**	1,000
	Sig. (2-tailed)	,735	,247	,144	,743	,007	,003	,000	,000	,169	,040	,202	,002	.

6.2. CORRELATION ANALYSIS – STRATEGY GENERATION ITEMS 10-19 (N=166)

		Directive	Supportive	Participative	Achievement-oriented	Strategy Q10	Strategy Q11	Strategy generation Q12	Strategy generation Q13	Strategy generation Q14	Strategy generation Q15	Strategy generation Q16	Strategy generation Q17	Strategy generation Q18	Strategy generation Q19
Directive	Correlation coefficient	1,000													
Supportive	Correlation coefficient	,253**	1,000												
	Sig. (2-tailed)	,001	.												
Participative	Correlation coefficient	,181*	,261**	1,000											
	Sig. (2-tailed)	,019	,001	.											
Achievement-oriented	Correlation coefficient	,337**	,184*	,158*	1,000										
	Sig. (2-tailed)	,000	,017	,042	.										
Strategy generation Q10	Correlation coefficient	,039	,032	,128	,069	1,000									
	Sig. (2-tailed)	,619	,678	,099	,376	.									
Strategy generation Q11	Correlation coefficient	,030	-,017	,016	-,040	,432**	1,000								
	Sig. (2-tailed)	,704	,826	,842	,610	,000	.								
Strategy generation Q12	Correlation coefficient	,073	,118	,088	,005	,506**	,425**	1,000							
	Sig. (2-tailed)	,347	,131	,261	,946	,000	,000	.							
Strategy generation Q13	Correlation coefficient	,057	,079	,131	,136	,376**	,236**	,294**	1,000						
	Sig. (2-tailed)	,465	,311	,092	,082	,000	,002	,000	.						
Strategy generation Q14	Correlation coefficient	,019	,120	,027	,144	,334**	,304**	,339**	,472**	1,000					
	Sig. (2-tailed)	,806	,124	,727	,063	,000	,000	,000	,000	.					
Strategy generation Q15	Correlation coefficient	-,007	,018	-,041	,135	,320**	,221**	,229**	,438**	,409**	1,000				
	Sig. (2-tailed)	,928	,822	,604	,082	,000	,004	,003	,000	,000	.				

	tailed)														
Strategy generation Q16	Correlation coefficient	,118	,044	,086	,040	,374**	,335**	,412**	,355**	,473**	,372**	1,000			
	Sig. (2-tailed)	,130	,578	,272	,610	,000	,000	,000	,000	,000	,000	.			
Strategy generation Q17	Correlation coefficient	,177*	,130	,053	,214**	,337**	,313**	,339**	,407**	,533**	,438**	,488**	1,000		
	Sig. (2-tailed)	,023	,095	,499	,006	,000	,000	,000	,000	,000	,000	,000	.		
Strategy generation Q18	Correlation coefficient	,102	,066	,010	,014	,399**	,209**	,378**	,349**	,346**	,255**	,347**	,481**	1,000	
	Sig. (2-tailed)	,191	,397	,894	,854	,000	,007	,000	,000	,000	,001	,000	,000	.	
Strategy generation Q19	Correlation coefficient	,162*	,119	-,062	,097	,367**	,244**	,315**	,439**	,388**	,381**	,430**	,599**	,434**	1,000
	Sig. (2-tailed)	,038	,126	,425	,215	,000	,002	,000	,000	,000	,000	,000	,000	,000	.

6.3. CORRELATION ANALYSIS – STRATEGY EXECUTION ITEMS 20-26 (N=166)

		Directive	Supportive	Participative	Achievement-oriented	Strategy execution Q20	Strategy execution Q21	Strategy execution Q22	Strategy execution Q23	Strategy execution Q24	Strategy execution Q25	Strategy execution Q26
Directive	Correlation coefficient	1,000										
Supportive	Correlation coefficient	,253**	1,000									
	Sig. (2-tailed)	,001	.									
Participative	Correlation coefficient	,181*	,261**	1,000								
	Sig. (2-tailed)	,019	,001	.								
Achievement-oriented	Correlation coefficient	,337**	,184*	,158*	1,000							
	Sig. (2-tailed)	,000	,017	,042	.							
Strategy execution Q20	Correlation coefficient	,043	,091	,051	,100	1,000						
	Sig. (2-tailed)	,585	,245	,516	,201	.						
Strategy execution Q21	Correlation coefficient	,072	,002	-,015	,217**	,493**	1,000					
	Sig. (2-tailed)	,355	,975	,846	,005	,000	.					
Strategy execution Q22	Correlation coefficient	,089	,099	,059	,066	,287**	,417**	1,000				
	Sig. (2-tailed)	,256	,206	,452	,396	,000	,000	.				
Strategy execution Q23	Correlation coefficient	,173*	,021	,000	,064	,316**	,316**	,400**	1,000			
	Sig. (2-tailed)	,026	,789	,996	,413	,000	,000	,000	.			
Strategy execution Q24	Correlation coefficient	,146	,066	-,033	,113	,289**	,352**	,365**	,368**	1,000		
	Sig. (2-tailed)	,061	,398	,674	,147	,000	,000	,000	,000	.		
Strategy execution Q25	Correlation coefficient	,000	,008	-,058	,136	,212**	,261**	,200**	,180*	,184*	1,000	
	Sig. (2-tailed)	,997	,918	,454	,080	,006	,001	,010	,020	,017	.	

	tailed)											
Strategy execution	Correlation coefficient	,023	-,032	-,085	,156*	,205**	,291**	,166*	,222**	,096	,692**	1,000
Q26	Sig. (2-tailed)	,765	,684	,275	,045	,008	,000	,032	,004	,218	,000	.

6.4. CORRELATION ANALYSIS – PEER ASSESSMENT (N=166)

		Directive	Supportive	Participative	Achievement-oriented	Strategy generation	Strategy execution	Financial performance
Directive	Correlation coefficient	1,000						
Supportive	Correlation coefficient	,253**	1,000					
	Sig. (2-tailed)	,001	.					
Participative	Correlation coefficient	,181*	,261**	1,000				
	Sig. (2-tailed)	,019	,001	.				
Achievement-oriented	Correlation coefficient	,337**	,184*	,158*	1,000			
	Sig. (2-tailed)	,000	,017	,042	.			
Strategy generation	Correlation coefficient	,019	,101	,061	,103	1,000		
	Sig. (2-tailed)	,813	,196	,433	,186	.		
Strategy execution	Correlation coefficient	,108	,148	,158*	,223**	,635**	1,000	
	Sig. (2-tailed)	,168	,057	,042	,004	,000	.	
Financial performance	Correlation coefficient	,044	,126	,057	,180*	,411**	,509**	1,000
	Sig. (2-tailed)	,576	,107	,466	,020	,000	,000	.

6.5. CORRELATION ANALYSIS – STRATEGY ITEMS 1-9 (N=93)

		Directive	Supportive	Participative	Achievement-oriented	Strategy Q1	Strategy Q2	Strategy Q3	Strategy Q4	Strategy Q5	Strategy Q6	Strategy Q7	Strategy Q8	Strategy Q9
Directive	Correlation coefficient	1,000												
Supportive	Correlation coefficient	,264*	1,000											
	Sig. (2-tailed)	,011	.											
Participative	Correlation coefficient	,252*	,381**	1,000										
	Sig. (2-tailed)	,015	,000	.										
Achievement-oriented	Correlation coefficient	,370**	,186	,187	1,000									
	Sig. (2-tailed)	,000	,074	,073	.									
Strategy Q1	Correlation coefficient	-,022	,011	,241*	,079	1,000								
	Sig. (2-tailed)	,835	,915	,020	,449	.								
Strategy Q2	Correlation coefficient	,047	,089	,225*	,110	,716**	1,000							
	Sig. (2-tailed)	,654	,395	,030	,293	,000	.							
Strategy Q3	Correlation coefficient	,092	,099	,232*	,138	,569**	,790**	1,000						
	Sig. (2-tailed)	,382	,345	,026	,186	,000	,000	.						
Strategy Q4	Correlation coefficient	,143	-,029	,144	,038	,527**	,535**	,523**	1,000					
	Sig. (2-tailed)	,171	,779	,170	,715	,000	,000	,000	.					
Strategy Q5	Correlation coefficient	,230*	,091	-,025	,123	,347**	,481**	,386**	,503**	1,000				
	Sig. (2-tailed)	,027	,386	,812	,239	,001	,000	,000	,000	.				
Strategy Q6	Correlation coefficient	,107	-,073	,199	,132	,256*	,321**	,429**	,375**	,302**	1,000			
	Sig. (2-tailed)										.			

	Sig. (2-tailed)	,305	,487	,056	,208	,013	,002	,000	,000	,003	.			
Strategy Q7	Correlation coefficient	,008	,079	-,047	,089	,189	,216*	,292**	,213*	,388**	,610**	1,000		
	Sig. (2-tailed)	,939	,450	,652	,396	,070	,038	,005	,041	,000	,000	.		
Strategy Q8	Correlation coefficient	,021	,001	,040	,238*	,309**	,385**	,403**	,233*	,262*	,234*	,380**	1,000	
	Sig. (2-tailed)	,841	,991	,702	,021	,003	,000	,000	,025	,011	,024	,000	.	
Strategy Q9	Correlation coefficient	,066	,088	,269**	,074	,359**	,407**	,405**	,304**	,180	,269**	,161	,295**	1,000
	Sig. (2-tailed)	,530	,401	,009	,479	,000	,000	,000	,003	,085	,009	,124	,004	.

6.6. CORRELATION ANALYSIS – STRATEGY GENERATION ITEMS 10-19 (N=93)

		Directive	Supportive	Participative	Achievement-oriented	Strategy Q10	Strategy Q11	Strategy generation Q12	Strategy generation Q13	Strategy generation Q14	Strategy generation Q15	Strategy generation Q16	Strategy generation Q17	Strategy generation Q18	Strategy generation Q19
Directive	Correlation coefficient	1,000													
Supportive	Correlation coefficient	,264*	1,000												
	Sig. (2-tailed)	,011	.												
Participative	Correlation coefficient	,252*	,381**	1,000											
	Sig. (2-tailed)	,015	,000	.											
Achievement-oriented	Correlation coefficient	,370**	,186	,187	1,000										
	Sig. (2-tailed)	,000	,074	,073	.										
Strategy generation Q10	Correlation coefficient	,096	,137	,216*	-,042	1,000									
	Sig. (2-tailed)	,358	,189	,038	,691	.									
Strategy generation Q11	Correlation coefficient	-,035	-,077	,010	-,228*	,405**	1,000								
	Sig. (2-tailed)	,741	,461	,926	,028	,000	.								
Strategy generation Q12	Correlation coefficient	,013	,022	,067	-,153	,464**	,439**	1,000							
	Sig. (2-tailed)	,900	,831	,523	,142	,000	,000	.							
Strategy generation Q13	Correlation coefficient	,131	,207*	,260*	,214*	,332**	,168	,282**	1,000						
	Sig. (2-tailed)	,210	,046	,012	,039	,001	,106	,006	.						
Strategy generation Q14	Correlation coefficient	,065	,220*	,118	,162	,435**	,271**	,374**	,568**	1,000					
	Sig. (2-tailed)	,535	,034	,260	,122	,000	,009	,000	,000	.					
Strategy generation Q15	Correlation coefficient	-,146	-,032	,000	,070	,335**	,172	,228*	,405**	,406**	1,000				
	Sig. (2-tailed)	,162	,758	,999	,506	,001	,098	,028	,000	,000	.				

	tailed)														
Strategy generation Q16	Correlation coefficient	,132	,112	,114	-,024	,324**	,330**	,355**	,408**	,497**	,427**	1,000			
	Sig. (2-tailed)	,206	,286	,276	,817	,002	,001	,000	,000	,000	,000	.			
Strategy generation Q17	Correlation coefficient	,190	,073	,028	,165	,273**	,207*	,239*	,484**	,522**	,418**	,545**	1,000		
	Sig. (2-tailed)	,068	,485	,791	,113	,008	,047	,021	,000	,000	,000	,000	.		
Strategy generation Q18	Correlation coefficient	,058	,059	,002	-,024	,384**	,245*	,378**	,416**	,512**	,269**	,349**	,570**	1,000	
	Sig. (2-tailed)	,582	,577	,986	,820	,000	,018	,000	,000	,000	,009	,001	,000	.	
Strategy generation Q19	Correlation coefficient	,163	,077	-,014	,052	,402**	,208*	,316**	,565**	,412**	,417**	,489**	,590**	,461**	1,000
	Sig. (2-tailed)	,118	,463	,897	,621	,000	,046	,002	,000	,000	,000	,000	,000	,000	.

6.7. CORRELATION ANALYSIS – STRATEGY EXECUTION ITEMS 20-26 (N=93)

		Directive	Supportive	Participative	Achievement-oriented	Strategy execution Q20	Strategy execution Q21	Strategy execution Q22	Strategy execution Q23	Strategy execution Q24	Strategy execution Q25	Strategy execution Q26
Directive	Correlation coefficient	1,000										
Supportive	Correlation coefficient	,264*	1,000									
	Sig. (2-tailed)	,011	.									
Participative	Correlation coefficient	,252*	,381**	1,000								
	Sig. (2-tailed)	,015	,000	.								
Achievement-oriented	Correlation coefficient	,370**	,186	,187	1,000							
	Sig. (2-tailed)	,000	,074	,073	.							
Strategy execution Q20	Correlation coefficient	,072	,061	,094	,147	1,000						
	Sig. (2-tailed)	,492	,564	,371	,160	.						
Strategy execution Q21	Correlation coefficient	-,051	-,069	-,020	,091	,536**	1,000					
	Sig. (2-tailed)	,629	,510	,851	,386	,000	.					
Strategy execution Q22	Correlation coefficient	-,084	,054	,088	,000	,432**	,434**	1,000				
	Sig. (2-tailed)	,426	,610	,400	,996	,000	,000	.				
Strategy execution Q23	Correlation coefficient	,090	,020	-,040	,046	,412**	,312**	,503**	1,000			
	Sig. (2-tailed)	,393	,851	,704	,664	,000	,002	,000	.			
Strategy execution Q24	Correlation coefficient	,044	-,071	-,070	,083	,365**	,369**	,389**	,433**	1,000		
	Sig. (2-tailed)	,673	,498	,505	,427	,000	,000	,000	,000	.		
Strategy execution Q26	Correlation coefficient	-,163	-,062	-,090	-,010	,259*	,291**	,157	,266*	,143	1,000	

Q25	Sig. (2-tailed)	,119	,553	,391	,926	,012	,005	,133	,010	,172	.	
Strategy execution	Correlation coefficient	-,044	-,089	-,071	,077	,277**	,335**	,172	,344**	,119	,741**	1,000
Q26	Sig. (2-tailed)	,677	,396	,500	,461	,007	,001	,098	,001	,257	,000	.

6.8. CORRELATION ANALYSIS – PEER ASSESSMENT (N=93)

		Directive	Supportive	Participative	Achievement-oriented	Strategy generation	Strategy execution	Financial performance
Directive	Correlation coefficient	1,000						
Supportive	Correlation coefficient	,264*	1,000					
	Sig. (2-tailed)	,011	.					
Participative	Correlation coefficient	,252*	,381**	1,000				
	Sig. (2-tailed)	,015	,000	.				
Achievement-oriented	Correlation coefficient	,370**	,186	,187	1,000			
	Sig. (2-tailed)	,000	,074	,073	.			
Strategy generation	Correlation coefficient	-,057	,016	,059	,075	1,000		
	Sig. (2-tailed)	,588	,877	,571	,476	.		
Strategy execution	Correlation coefficient	-,005	,129	,251*	,262*	,650**	1,000	
	Sig. (2-tailed)	,961	,219	,015	,011	,000	.	
Financial performance	Correlation coefficient	-,096	,103	-,038	,093	,412**	,493**	1,000
	Sig. (2-tailed)	,358	,324	,717	,375	,000	,000	.